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NEWS SUMMARY

GENERAL

[illegible]ws [illegible] 25 [illegible].S. DC-10s

[illegible]One-fifth of the DC-10 jet airliners in the U.S. need repair following the discovery of problems with engine mountings, according to the U.S. Federal Aviation Authority.

By late yesterday, nearly half of the fleet of 134 DC-10s in U.S. airline service had been inspected and cleared for a return to passenger transport. Flaws had been found in 25 aircraft.

But the FAA said it had found more problems on its second inspection.

All DC-10s were grounded following last week's crash near Chicago in which 273 people died. Back Page

Dorset towns escape deluge

Several towns in Dorset escaped serious flooding as a surge of water headed east along the swollen River Stour and farmers in Somerset battled to save livestock from flooded land.

The Meteorological Office has forecast a warm June in [illegible] areas but says rainfall [illegible] heavy in the south. [illegible] ribed May as one of the [illegible] n record.

NATO [illegible]

[illegible] d too [illegible] new Rhodesian Government as the country prepared for the formal transfer of power to Bishop Abel Muzorewa. Back and Page 5—the dilemma facing Carter and Thatcher, Page 24

Kidnap charges

Two former members of the Quebec Liberation Front pleaded guilty to kidnapping former British trade commissioner James Cross in 1970. They also admitted charges of conspiracy and forcible detention but refused to enter a plea on a charge of extortion.

Norwegians held

Eight Norwegians—six in their teens—were arrested in connection with a theft of weapons and explosives from a military depot in the north of Norway. Page 2

Synagogue arson

Police are treating as arson a fire which caused more than £100,000 worth of damage to the Old Hebrew Synagogue near Liverpool city centre. Fourteen parchment scrolls were destroyed.

TV licence fee

The Government is considering raising the television licence fee in the autumn to as much as £30 for the country's 13m colour set owners. Back Page

Briefly . . .

Thirteen nuns are to be tried by a military tribunal near Manila on charges of sedition.

Italy's honorary vice consul in Tasmania was murdered with a shotgun by an Italian who killed himself a few minutes later.

L[illegible]s Notting Hill carnival [illegible] will receive a £20,000 [illegible] the Arts Council — [illegible] than last year.

Fi[illegible] Times

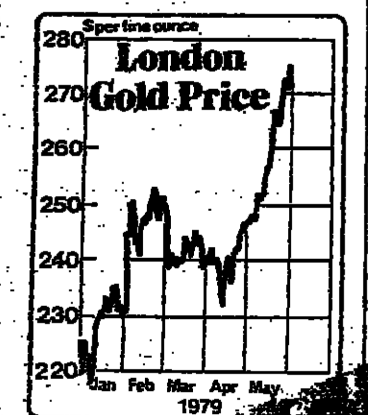
The F[illegible]es apologises for the [illegible]tion in supplies this week. The failure to publish on Tuesday, May 29, and Wednesday, May 30, was due to unofficial industrial action by some members of the Society of Graphical and Allied Trades. Readers in some areas failed to receive copies yesterday because of technical production difficulties.

BUSINESS

Dollar weakens; Gold record

● DOLLAR weakened against other major currencies on Wednesday's poor U.S. trade figures. Against the D-mark, it fell from DM 1.9160 to DM 1.9090, and its trade weighted index was 86.7 (86.9). STERLING rose 1.15c to close at \$2.0695, and its trade weighted index was 67.4 (67.1).

● GOLD rose \$5 in active trading to close in London at a record \$275¾ on news of an in-



[illegible]ease in the price [illegible] In New York [illegible] settlement [illegible] \$276.80 (\$271.60).

● EQUITIES firmed [illegible] the FT 30-share inde[illegible] 1.8 up at 513.6. Golds [illegible] to the rising bullion pri[illegible] gains to a point.

● GILTS regained most [illegible] losses, and the Governm[illegible] Securities Index closed [illegible] down at 72.81.

● WALL STREET was [illegible] at 823.46 near the close.

● BANK OF ITALY G[illegible] Dr. Paolo Baffi made [illegible] that he intends to give [illegible] post as soon as possi[illegible] warned of new in[illegible] dangers to the Italian [illegible] Back Page and Page 3[illegible]

● BANKING author[illegible] major banking ce[illegible] committed themse[illegible] solidate the balance[illegible] banks in their [illegible] countries for super[illegible] poses, Gordon Richa[illegible] of England Gov[illegible] Back Page, Editor[illegible] Page 24

● BRITISH AIRW[illegible] chief executive Ross Sta[illegible] 65, has been appointed c[illegible] man of the airline to suc[illegible] Sir Frank McFadzean, wh[illegible] leaving at his own requ[illegible] Page 10

● POST OFFICE faces a s[illegible] by 10,000 London telecom[illegible] cations staff today over the suspension of 250 clerical staff who have refused to do the work of strikers. Page 12

● TEXACO told 800 strikers at Burntisland Engineers and Fabricators that they must either return to work by Sunday or face the closure of the yard. The strike threatens to delay the start of oil production from the Tartan field by a year. Page 12

COMPANIES

● THOMAS BORTHWICK and Sons, the meat trader, reports pre-tax profits up from £2.2m to £5.64m for the six months to March 31 on turnover of £278m against £204m. Page 26 and Lex

● CAPPER-NEILL, the engineering group, increased pre-tax profits from £5.23m to £5.54m in the year to March 31 on turnover of £89.9m (£69.13m). Page 28

● FURNESS WITHY, the British shipping group, has urged its shareholders to resist attempts by KCA International and Eurocanadian Shipholdings to secure an influence over the affairs of the group. Page 31

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			UBM	78½	+ 6
Bambers	305	+ 20	Valor	84	+ 8
Brown & Jackson	830	+ 40	LASMO "Ops"	735	+ 30
Coral Leisure	119	+ 4	Guthrie Corp.	594	+ 11
Grand Metropolitan	156	+ 6	Blyvoor	427	+ 37
[illegible]T Furniture	385	+ 20	Durban Deep	552	+ 38
[illegible]Rand Bank	412	+ 7	Hartebeest	£20	+ 1¼
[illegible]wat (Wm.)	20	+ 4	Stilfontein	430	+ 30
[illegible]IA	119	+ 4	Union Corp.	450	+ 8
Pentos	85	+ 5	FALLS:		
Reed Intl.	185	+ 5	Beecham	572	− 6
Saatchi & Saatchi	205	+ 12	Intl. Thomson	363	− 9
Sheepbridge	101	+ 6	MEPC	179	− 7
Style Shoes	146	+ 8	Wolver'mn. Dudley	305	− 7
Thermal Syndicate	137	+ 9	Malakoff	80	− 6
Time Products	244	+ 9	Berjuntai Tin	220	− 10
[illegible]wles	84	+ 4	MIM Holdings	208	− 7

[illegible] oil up as UK groups cut supplies

[illegible] IRAN started another round of world [illegible] price rises, Shell and Mobil yesterday [illegible] rationing deliveries of all oil [illegible] Britain.

[illegible] total supplies by 10 per [illegible] with last year, but petrol [illegible] diesel [illegible] severely, by 15 per cent. [illegible] which [illegible] that crude shortages [illegible] likely to persist into next year, will [illegible] supplies by 5 per cent.

[illegible] David Howell, Energy Secretary, [illegible] had to be saved urgently and immediately by everyone, but appeared to rule out a Government-led conservation campaign.

The British National Oil Corporation, under pressure from the big UK oil refiners for increased North Sea supplies, is seeking guarantees that any extra sales would not be balanced by the oil majors switching foreign crudes to other countries.

Iran's price increase — to \$18.47 a barrel from June 1 — suggests that the new benchmark for OPEC oil pricing has risen by about \$1.50. A further round of price rises is feared by oil companies. Responding to earlier increases in African crudes, the price of North Sea production was raised to \$20.70 a barrel by British Petroleum.

However, Saudi Arabia indicated that it was ready to increase production, and prices, to stabilise the world markets, although oil companies said they were sceptical about whether the output increase of 500,000 barrels a day would be enough.

[illegible]trict rationing by Shell and Mobil

BY KEVIN DONE, ENERGY CORRESPONDENT

[illegible] two of the [illegible] UK oil suppliers, have [illegible] strict rationing for [illegible] of all oil products. [illegible] Howell, Energy Secretary [illegible] yesterday [illegible] oil [illegible] saved [illegible] and immediately, and [illegible] go on saving it because [illegible] will become tighter and

[illegible] is cutting supplies of [illegible] and diesel to individual [illegible] 85 per cent of last [illegible] levels. Shell is rationing [illegible] to 95 per cent.

[illegible] shortfall in crude oil [illegible] to the UK has forced [illegible] oil companies except [illegible] Petroleum to ration product supplies to less than last [illegible] delivery levels.

BP [illegible] that it will be able [illegible] supplies this month [illegible] year's levels, effectively [illegible] per cent cut because of [illegible] in demand, but it is monitoring de[illegible] closely.

Esso, joint [illegible] leader with Shell, has yet [illegible] announce details of its c[illegible] but it has been ration[illegible] supplies of some products [illegible] weeks. It has been affected more heavily than some of its main competitors by the reduction in crude supplies.

It is thought that Esso will reduce petrol supplies to 4-5 per cent less than last year's level, while deliveries of middle distillates such as heating oil, diesel and aviation fuel will be reduced by 8-9 per cent.

Shell's and Mobil's rationing schemes took effect from midnight last night. Shell has warned customers that the shortage of crude oil supplies is likely to continue for the rest of this year and into the next.

Overall, Mobil will still be supplying nine tenths of last year's deliveries. In recent months, however, it has substantially increased its market share by taking on new customers: thus supplies of petrol and diesel to individual dealers and distributors must be reduced more drastically, to 85 per cent of last year's levels.

Rationing [illegible] other middle distillate [illegible] will be at 90 per cent [illegible] year's levels.

Some sm[illegible] companies, such as Burmah, have been rationing oil product deliveries in the UK since February as a result of the loss of crude supplies from Iran. They were quickly followed by larger suppliers such as Texaco, Gulf and Total.

Shell, Mobil and Esso have been forced to follow suit because of the pressing need to rebuild badly depleted stock levels for next winter and to take account of the continuing shortfall in crude supplies.

Mr. Howell said that the latest cuts emphasised the seriousness of the oil shortage. The Government was taking the lead in conservation by cutting oil consumption in the public sector, but "everyone else must help, whether they are in industry, commerce, or are private motorists."

The Energy Secretary has been holding talks with oil company leaders and oil consumers' organisations. After meeting the Motor Agents' Association

Continued on Back Page
Carter "teach-in" on energy crisis, Page 6

Saudi output may rise

BY JAMES BUXTON

SAUDI ARABIA indicated yesterday that it was ready to raise its oil production ceiling as well as its price in an effort to stabilise world oil prices. Iran gave a further twist to the price spiral by putting up its light crude by another 7.6 per cent to \$18.47 a barrel from June 1.

That made probable a further round of leapfrogging by members of the Organisation of Petroleum Exporting Countries. The recent round of increases that took the best Libyan crude up to \$21.30 a barrel has been based on a "realistic" price of market crude, the benchmark for most prices, of about \$17 a barrel. Now it appears to have gone up to about \$18.50.

Most North Sea oil producers appear to be following the price increases announced recently by Algeria, Libya and Nigeria. British Petroleum said that it is raising the price of its Forties crude by \$2.45 a barrel from today.

The new Forties price of about \$20.70 a barrel is an increase of about 48 per cent above the price charged in the last quarter of last year.

The British National Oil Corporation, selling about a third of North Sea production, said that it would raise its prices in accordance with the higher levels set by BP. Other North [illegible] are expected to [illegible]

Legal blow to Carter pay policy

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE SIZE of the economic problems confronting President Carter were graphically illustrated by two separate developments yesterday. A Federal judge ruled that the President acted unconstitutionally in seeking to use Government procurement policies to back his voluntary wage-and-price guidelines programme: and the Government index pointing to future economic activity showed in April the largest fall on record.

Coming hard on the heels of Wednesday's news of a sharply wider trade deficit, and with public confusion reigning over the nature of the energy crisis, Mr. Carter must feel that all is gloom.

But he moved yesterday by initiating a two-day White House energy conference with industry and consumer interests.

Certainly the unkindest, though not entirely unexpected, cut came from Judge Barrington Parker of the Federal District Court in Washington, who granted a temporary injunction restraining the Government from withholding Government contracts from companies in violation of the wage and price standards.

Mr. Alfred Kahn, the President's inflation adviser, immediately said in a statement that an appeal would be lodged in a higher court, that the judge's ruling had limited application, and that the guidelines were being increasingly adhered to [illegible] without rects front that [illegible] of procu[illegible] has been made to achieve [illegible] he adwetter equilibrium, though was [illegible] current account of the area [illegible] as a whole is likely to show a [illegible] deficit of nearly \$2bn. after a [illegible] surplus of some \$6bn in 1978. [illegible] The U.S. current deficit [illegible]

failure to comply brings a penalty."

Even though the judgment may be reversed on appeal, the impact on the effectiveness of the programme could be considerable.

To many observers, the voluntary approach has not worked in any case, the notional 7-plus per cent wage ceilings having been broken in such celebrated contract settlements as won by the teamsters' union and, most recently, by the machinists at United Airlines.

But the Administration, while conceding that the rate of inflation has made it hard to enforce the standards, still claims considerable success for them.

But 24 hours earlier Mr. Kahn told reporters [illegible] that the guidelines had not been [illegible] effective in curbing inflation "in the current economic environment."

On their respective sides of [illegible] the fence Mr. George Meany of [illegible] the AFL-CIO was gratified in [illegible] far as the judge's ruling [illegible] ported his belief in mandatory controls or nothing, while by [illegible] cautiously the National [illegible] somewhat [illegible] tion of Manufacture[illegible] support for the "circumstances" the voluntary a[illegible] [illegible] secretariat will find it difficult to make policy recommendations likely to be endorsed by all the member countries.

Neither West Germany, which is becoming increasingly worried by its rising inflation rate, nor Japan, are likely to agree to any further expansion of their economies and their role as "locomotives" for the weaker countries will thus remain limited. Nor can the so-called convalescent countries be expected to expand much faster as long as their inflation rates [illegible]

[illegible]ndesbank a[illegible]ts to curb rising inflation fears

BY JONATHAN CARR IN BONN

[illegible]HE WEST GERMAN Bundesbank has acted to curb the threat of increased inflation without too sharply undermining the liquidity of the domestic banking system.

The bank's central council agreed to raise lombard rate, its rate for advances against securities, by ½ per cent, to 5½ per cent, with effect from today.

The council also said the bank was ready to buy fixed interest securities eligible for lombard rediscounting, provided the commercial banks guaranteed to buy them back after a specified and limited period.

The facility would initially [illegible] available for a period of 30 [illegible] though for technical [illegible] not be put into

The council mee[illegible] Duesseldorf had bee[illegible] with particular intere[illegible] continuation well [illegible] time expected un[illegible] the Bundesbank [illegible] a peculiarly [illegible] dilemma.

On the one [illegible] system is [illegible] thanks pa[illegible] outflows [illegible] year.

Dr. [illegible] Bund[illegible] the [illegible]

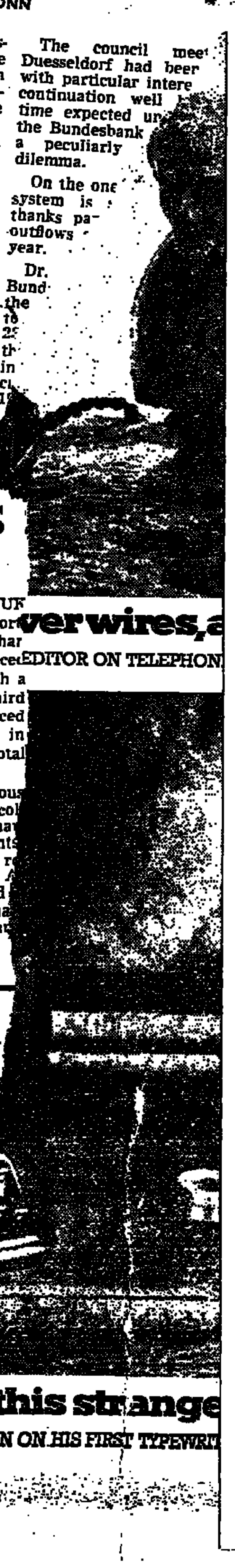
هكذا من الأصل

MEP[illegible]'s

BY ANDREW TAYLOR

MEPC, the second largest UK property company with a portfolio valued at more than £500m, yesterday announced plans to raise £36.3m through a rights issue. This is the third rights issue to be announced by a British property group in six weeks and takes the total cash involved to £68.6m.

MEPC which ran into serious difficulties following the collapse of the UK property ma[illegible] cash to fund new developments [illegible] buy new properties and to re[illegible] furbish existing properties. [illegible] the same time it announced [illegible] 42 per cent increase in first ha[illegible] pre-tax profits to £6.3m a[illegible]



Rhodesia: the dilemma [illegible] and Thatcher ....

Politics today: Malcolm [illegible] the Paris-Bonn-London [illegible]

Italian elections: the sa[illegible] new deal ....

Zambia's economy: K[illegible] able predicament ....

With only two days to go before the Italian general election, Robert Cornwell in Rome sums up the

The same cards in a new deal

As the last posters go up in Rome for the Italian general election campaign, there has been a marked increase in politically motivated violence in Italian cities.

Terrorists yesterday shot and wounded in the legs a Genoa University professor, Sig. Fausto Cuòcolo, Paul Betts writes from Rome. The 47-year-old professor, who was attacked inside the university while supervising end-of-term examinations, is a leading member in Genoa of the Christian Democrat Party.

He is the second Christian Democrat in Genoa to be a terrorist target during the past 24 hours.

In this latest outburst of violence, the Christian Democrat branch headquarters in Brescia was bombed on Wednesday night, causing severe damage. In Rome, there have been several terrorist bombings in the past 24 hours.

THE MOST remarkable thing about the Italian general election this weekend is that a party which has held uninterrupted power for over 30 years looks poised to strengthen its position.

The indications are that for the first time since 1948, the seemingly irresistible rise in the influence of the West's largest and most closely watched Communist Party is over. Every opinion poll suggests that the PCI will recede from the highwater mark of 34.4 per cent of the popular vote achieved at the last general election in June, 1976. They differ only by how much, from what would be a drastic slump of 5 per cent to a more modest drop of 2 or 3 per cent.

Though the switch in votes would not be direct, the Christian Democrats who have ruled Italy virtually since the war would make a corresponding advance from their 38.7 per cent of three years ago, to a point that would represent their best electoral performance for two decades.

When they vote on Sunday and Monday the 42m Italians in the electorate will be choosing the eighth parliament under the post war constitution. Since voting is considered a civic duty, abstention is far harder than in countries like Britain, and the turnout will be over 80 per cent, or even 90 per cent.

But this apparently impressive figure will not disguise the fact that regardless of the issues, the campaign will close tonight in much the same atmosphere of tedium in which it began. Scepticism is rife, and the don't-knows are significantly high at this late hour.

It is not only because of the Christian Democrat triumph predicted by the opinion polls that things are dull. These elections after all are the third in seven years, and the legislature which was dissolved two months ago was the third in succession which had failed to last its scheduled five year course.

The impression is widespread that Italy's crisis, be it institutional, ideological or whatever, is beyond the remedy of the politicians. Under the country's carefully proportional system of representation, the election resembles the deal of a new hand of cards to the politician-players, who will then settle down to another session at forming governments in their cut-off, smoke-filled room.

In Italian politics, remarkable for its stability, swings assume a critical importance as an indicator of presumed national preference. This kind of result would amount to a victory for the Christian Democrats and defeat for the Communists. It would also mean that Italy would be taken off the diplomats' critical list of Western nations about to succumb to "red fever."

Further confirmation will be given of a rightward shift in the European political mood, after Mrs. Thatcher's clearcut success in Britain. At the same time a setback for the Italian Communists, and their carefully nourished policy of the "historic compromise" to enter government alongside the country's Catholics and moderate "lay" parties, would have serious implications for the whole European Left and the so-called "Eurocommunist" approach.

The reasons for the PCI's present discomfort have been evident in the campaign: the confusion caused by the proclamation of Sig. Enrico Berlinguer, its leader, that the party was one of both revolution and government. The loss of support among the young, and among those Communist voters whose belief that Italy might be changed has been let down by the experience of three years' tacit alliance with the Christian Democrats.

Perhaps because they sensed the change of mood, the Washington Administration and the Church, habitual touchline supporters of the Christian Democrats, this time have strayed less onto the field of play. Even so, the election will be little more than a referendum on the Communist demand for seats in government. Of other more basic issues [illegible] has been heard.

An argument over the responsibility for [illegible] intruded—an[illegible] the campaign has taken place against a succession of terrorist [illegible] ups, having [illegible] Brigade attack[illegible] Christian Demo[illegible] But of the econo[illegible] of the gather[illegible] which the next [illegible] have to tackle [illegible] virtually nothing [illegible].

This disengagement [illegible] ing that politicians h[illegible] contact with the rea[illegible] daily life in Italy has se[illegible] tion drawn to the [illegible] tional Radical Party. [illegible] paign, based on an o[illegible] against the established parties, especially the [illegible] may have been large[illegible] c. A chord none[illegible] en struck, and the [illegible] suggest that Radical support could triple to 3 per [illegible] haps even making [illegible] th largest party [illegible]

But it is [illegible] the Socialists [illegible] key to what happ[illegible] ds, and it is the[illegible] een in the thick of the s[illegible] over the possible [illegible] of the next Government [illegible] that deadl[illegible] rema[illegible] en the two l[illegible] part[illegible] the PCI keep[illegible] to opposition [illegible] is [illegible] sented in [illegible] next [illegible] the Socialists [illegible] will [illegible]

Although the opinion polls suggest only a small PSI advance from the disappointing 9.6 per cent of 1976, Sig. Bettino Craxi's party will again find itself in the uncomfortable position of arbiter, uneasily astride the fence that divides Italian politics in two.

For assuming that the Christian Democrats, and their allies in the present caretaker government, the Republicans and the Social Democrats, fail to achieve 50 per cent, it is some variant of the old Centre-Left formula of the late 1960s and early 1970s that will have to emerge if the country is to have a workable government. Any alliance to the Right is ruled out.

Much of the Christian Democrat campaign therefore has consisted of elaborate efforts to win over the Socialists. Sig. Craxi has let it be known, despite hostility from the Left-wing faction in his party, that he would be ready to do a deal. His terms are a reasonable increase in Socialist support (which he may not get) and "parity" between Socialists and Christian Democrats in a new Government.

What that means is not entirely clear, although leaders of the hardline anti-Communist faction of the ruling party, like former Prime Minister Sig. Amintore Fanfani, have intimated that even the price of a Socialist as *prime minister* might not be too high. But all this will have to await the verdict of this weekend. If [illegible] longer. And it will be hard [illegible] see the Socialists as anyth[illegible] other than second fiddle if th[illegible] end up with only a quarter [illegible] the votes of the Christi[illegible] Democrats.

Looming in the backgrou[illegible] too is the much-postponed co[illegible] of Christian Democra[illegible] this autumn. Until [illegible] takes place, and a n[illegible] balance of power is [illegible] following the elect[illegible] the party is unlike[illegible] into [illegible] For this reason [illegible] the outcome [illegible] the [illegible] things [illegible] In that [illegible] further [illegible] political vacuum [illegible] four months [illegible] ment last [illegible] majority in parliament.

It is a measure of [illegible] that once again [illegible] change that the topic of [illegible] toral reform has surfaced [illegible] mid-campaign. Yet a switch [illegible] something more along Bri[illegible] lines, to provide a clear [illegible] solution, would merely [illegible] trench the Christian Democra[illegible] at the expense of its riv[illegible] Nor would it tackle the centr[illegible] problem of Italian politics, [illegible] a mass party of the Left, t[illegible] Communists, which ultimate[illegible] is not legitimate. The probl[illegible] may be shelved by this we[illegible] end's result, but it is unlike[illegible] to go away for good.

Poland's economic prospects 'not rosy'

BY LESLIE COLITT IN BERLIN

THE POLISH economy's short- and medium-term prospects are "not rosy," according to the West German Institute of Economic Research, compared with [illegible] "very successful" [illegible] in the early 197[illegible] by the Institute[illegible] analysts notes th[illegible] because [illegible] economy grew [illegible] 2.8 per cent last year, [illegible] of the planned 5.4 per [illegible] and inflation jumped to [illegible] cent, which led to a drop [illegible] per cent in real income [illegible] Poles.

The analysis says a 1.5 per [illegible] to 2 per cent growth in real incomes is planned for this year, but that, even if achieved, it will [illegible] cover the loss in 1978. [illegible] monthly wages [illegible] per cent last year (excluding [illegible] private [illegible] sector), to [illegible] 600 (£72.60) a month. [illegible] cost-of-living increases were [illegible] reported as 8.5 per [illegible]

[illegible] would have been [illegible] higher, explained the [illegible] if the price freeze on [illegible] had not been main[illegible]

[illegible] food subsidies [illegible] to zloty 180bn, [illegible] with zloty 120bn in [illegible] year food subsidies [illegible] to rise by 39 per [illegible] 250[illegible]

Po[illegible] economists calculate that [illegible] zloty spent on food [illegible] Government contributes [illegible] quarters of a zloty.

The institute notes that last year's Polish "supply difficulties," with meat, meat products, fish, fish products, sweets, coal and other fuels, refrigerators, TV sets, furniture, cars, a[illegible] other consumer goods w[illegible] responsible for "growing co[illegible] plaints."

[illegible] Polish economic jour[illegible] to pent-up demand [illegible] different products, [illegible] tute says this is a [illegible] "instability facto[illegible] [illegible] nd's economic plann[illegible] year's [illegible] 2.8 [illegible]

regarded by the Institute [illegible] being "very [illegible] achieve.

In the first [illegible] had a $139m [illegible] with the West [illegible] $49m in the same [illegible] year.

The negative [illegible] tors inherited [illegible] years, plus this [illegible] industrial and [illegible] put, caused by [illegible] and widespread [illegible] spring, make ec[illegible] an uphill strugg[illegible]

Swedish inflation fight threatened

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S SUCCESS in combating inflation — recognised earlier this week in the annual OECD survey — is threatened by rising oil prices. The Government will almost certainly have to increase subsidies to prevent consumer prices reaching the 5 per cent rise by October which would trigger claims for wage increases under the present agreement between unions and employers.

Preliminary estimates indicate that the consumer price index has risen by just over 3 per cent in the first five months of the year. The Government has [illegible] mitted only small [illegible] in oil prices, but th[illegible] panies are exerting [illegible] for increases which [illegible] them to start stockp[illegible] the winter.

Swedish farmers are [illegible] tiating new prices for [illegible] duce which will push [illegible] index up further unless th[illegible] Government raises su[illegible] sidies. Food subsidies ar[illegible] running at over SKr 3b[illegible] (£330m) a year, and with [illegible] budget deficit approach[illegible] SKr 45bn, the Gove[illegible] has been reluct[illegible] crease spending[illegible]

Eight arrested after Norway weapons theft

BY FAY GJESTER IN OSLO

EIGHT NORWEGIANS—six of them in their teens—have so far been arrested in connection with a recent theft of weapons an dexplosives from Banak Fort, a military depot in the north of Norway.

Four of them have admitted taking part, though their confessions are reported to conflict on some points.

Police are still trying to establish the motive for the theft, which involved TNT, ammunition, automatic rifles and hand grenades—about one tonne in all. All the material has been found and returned to the military authorities.

It is believed that considerable trading goes on in weapons stolen from military depots in this part of the country.

Military spokesmen admit that thefts from the depots occur far too often, and in many cases the culprits [illegible] caught.

They say it would [illegible] much to post guards [illegible] sites—for safety [illegible] depots have to be [illegible] sited at remote [illegible] the break-ins are not discover[illegible] until long after they occur.

Norwegians [illegible] shocked to learn [illegible] easy to break [illegible] ground depot [illegible] posed to be [illegible] military area[illegible]

Two of those who confess[illegible] claim that they pushed aside [illegible] concrete manhole [illegible] climbed down the [illegible] underground store.

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Italy's 'serious economic dangers'

By Rupert Cornwell in Rome

DR. PAOLO BAFFI, Governor of the Italian Central Bank said in his annual report yesterday that although Italy's economic position had become much stronger, there were serious dangers at hand.

He said there were problems at home and abroad with the rising price of crude oil which could easily produce a serious upsurge in inflation.

Dr. Baffi pointed out that part of Italy's success in the past two years was due to cyclical reasons. Demand at home had been generally depressed while the economies of Italy's trading partners had grown much more rapidly.

Exports had risen by an "exceptional" 10.8 per cent in 1978, twice the pace of growth in world trade so that Italy's share of the world market had increased substantially. However, the country's propensity to import had not lessened, while its exports, increasingly products with a relatively low technological content, were more vulnerable to Third World competition, he said.

This trend was also visible in the decline of the share of investment in gross domestic product, from 20 per cent in 1974 to 16.6 per cent last year. Nor was this pattern likely to change while the financial burden on Italian companies remained too great.

Turning to the lira, Dr. Baffi indicated that the Central Bank might be tempted to allow the currency to move higher, if both foreign trade and the domestic upswing remained buoyant, to try and lessen the impact of inflation from abroad, particularly as expressed in the sharply rising cost of oil.

He stressed, however, that work was still required to improve the mechanisms of the three-month-old European Monetary System. The European monetary co-operation fund should be made into a genuine European monetary fund, while the "symmetry" and fair distribution of adjustment responsibilities within the system should be improved.

Dutch ease bank assets rules

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Central Bank has announced a considerable easing of its rules on the margin by which banks' foreign liabilities may exceed their assets.

From today, commercial banks based in the Netherlands will be allowed a margin of nearly Fl 3.3bn ($1.57bn) on their total foreign assets, compared with the previous limit of only Fl 250m-300m ($120m-143m).

Individual banks will be allowed a margin of 10 per cent on the first Fl 500m of gross foreign assets, including export finance bills, 5 per cent on the next Fl 500m and 1 per cent on any assets held abroad above Fl 1bn.

Regardless of the amount of foreign assets, a bank will be allowed a minimum margin of Fl 20m.

These limits, laid down under the recently-introduced banking supervision law, replace the gentlemen's agreement in force since 1964.

Under this, a bank, regardless of the size of its balance sheet or foreign holdings, were allowed only Fl 5m of liabilities in excess of assets at he end of each month.

This uniform system was too rigid, the Central Bank said. While in principle it guaranteed a balance in the banks' foreign business, in practice this led to problems, even when banks had considerable foreign assets.

The large expansion of foreign business in recent years has meant banks have had to carry considerable reserves to meet sudden changes in their net foreign position.

The smaller banks in particular, would suddently find themselves exceeding their margins if there were only minor last-minute changes in their foreign position.

As the basis for calculating their margins, the banks will be allowed to choose the extent of their foreign assets either at the end of 1978 or the average position in the last quarter of that year.

The Central Bank yesterday raised bank rate to 7 per cent from 6½ per cent, in response to the rise in money market rates in the Netherlands and abroad.

The bank's other official rates have also been raised by ½ per cent, bringing the rate for secured loans to 7½ per cent and the promissory note rate to 8 per cent. The Cetnral Bank last raised all three rates by 1 point on October 13.

Lisbon Government likely to fall

BY JIMMY BURNS IN LISBON

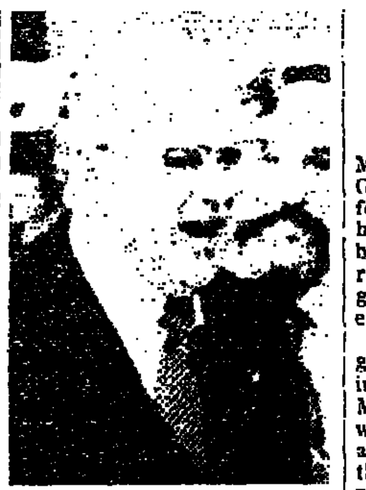
THE FATE of Portugal's non-party Government seemed virtually sealed yesterday with the announcement by Portugal's Socialist Party that it would table a motion of censure on Monday.

The way now looks clear, however, for an early agreement between Portugal and the International Monetary Fund, following the parliamentary approval late on Wednesday night of the government's revised 1979 budget proposal.

The Socialist Party's total opposition to the Government was stated in a 3,000-word document presented by former Prime Minister, Dr. Mario Soares, entitled "In Defence of Democracy," the document accuses Dr. Carlos Mota Pinto's Government of having contributed to an "extremely grave" deterioration of the political situation in Portugal during its five months in office.

The document, which represents the most outspoken attack so far on the Government, accuses Dr. Carlos Mota Pinto's cabinet of "arrogance and ideological aggressiveness," and of having contributed to a polarisation of political forces and to conflict between the country's two main democratic institutions, Parliament and the presidency.

But during the subsequent Press conference, Dr. Soares stressed that he was open to dialogue with the presidency and with the other political parties. He said that an early election would be costly for the country



Herr Richard Stuecklen

Stuecklen elected Bundestag President

By Roger Boyes in Bonn

HERR RICHARD STUECKLEN, a prominent member of the Bavarian-based Christian Social Union (CSU), was yesterday elected President of the West German Bundestag (Speaker of the House). He thus becomes the first Christian Social Union member to take over the office, which seems to underline the shifting balance of power within the opposition Christian Democrat - Christian Social Union alliance.

The Bundestag President is traditionally chosen from the largest parliamentary party—in this case, the Christian Democrat - Christian Social Union—and elected by the whole Bundestag. Herr Stuecklen, who succeeds Dr. Karl Carstens, the newly elected West German President, received 410 votes, while 40 members voted against and 19 abstained.

The election comes as the Bavarian's party's influnece in the Opposition alliance seems to be growing, or at least becoming more visible. Herr Franz-Josef Strauss, the party's leader, wants to be the Opposition parties' candidate for Chancellor in opposition to Herr Helmut Schmidt in the 1980 elections.

Herr Stuecklen's new post—he was earlier a vice-president in the Bundestag—carries with it more symbolic importance than actual power for his party.

Chirac outlines economic options

BY DAVID WHITE IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, yesterday called for stronger EEC import barriers as part of his campaign based on French economic revival and refusal to accept growing numbers of unemployed.

As opinion polls showed flagging support for the Gaullists in the European election, M. Chirac outlined at a luncheon with economic journalists the alternatives he envisaged to the Government's economic policies, which he has persistently attacked at campaign meetings.

On EEC policy, M. Chirac said customs protection was getting weaker and had to be reinforced against imports from countries with much lower production costs. The Community also had to deal with "unfair competition" from its own members. France, he said, had as big a deficit in textiles with Italy as it did with the Third World, "simply because Italy is cheating."

He said he was not recommending protectionism, just "legitimate defence."

The impact of oil price rises increased the urgency of a common EEC energy policy, M. Chirac said.

He atacked President Carter over subsidies on U.S. imports of petroleum products, which he said were "typically selfish and dangerous."

The former French Prime Minister put forward three principles for an economic growth programme aimed at heading off unemployment, which he said was otherwise set to rise at a rate of 200,000 a year and would soon reach 2m.

First, the Government should draw up a detailed plan of targets, a principle which it was wrong to abandon. This would give priority to national energy policy. Secondly, it should free small and medium-sized companies from the constraints of heavy social charges and taxes.

Third, it should embark on a selective policy of increasing investments in sectors where this did not mean crippling the foreign trade balance.

He backed the Government's "liberal" policy of removing price controls, saying that these could be abandoned completely without engendering inflation. A budget deficit could be tolerated, but only in the context of stronger growth, and not in current circumstances.

It was imperative to overcome France's heavy social security deficit. This, he said, could be done only by spending cuts, and not by burdening industry with extra social costs. As it was, the amount companies had to pay on taxes and social security had risen by 10 per cent since 1974, and would rise by another 10 per cent by 1983, when it would be equivalent to 47 per cent of their production value.

M. Chirac shrugged off the result of an opinion poll published in yesterday's Le Figaro, which gave his RPR at the European elections only 16 per cent, compared with 30 per cent for the Government-backed UDF list. Polls, he said, were a fraud. If they were to be believed, he would not be Mayor of Paris and M. Francois Mitterrand, the Socialist leader, would be Prime Minister of France.

OECD forecasts gloomy economic future

BY ROBERT MAUTHNER IN PARIS

	% increase in GDP		% increase in consumer price index		Current account balances ($bn)	
	1978	1979	1978	1979	1978	1979
U.S.	[illegible]	3.1	6.8	8.3	−14.0	−8.8
Japan	5.6	4.9	4.5	3.1	16.6	5.9
W. Germany	3.4	3.8	2.6	3.1	8.1	7.5
France	3.2	3.0	9.3	9.7	4.1	3.9
UK	3.2	2.1	8.5	10.3	0.5	2.0
Canada	3.4	3.6	7.8	8.6	−4.6	−4.7
Italy	2.6	4.0	12.1	13.0	6.2	5.8
Average for OECD area	3.7	3.4	7.7	7.8	5.9	−1.8

These OECD Secretariat forecasts are based on a 16 per cent rise in oil prices in 1979, which the Secretariat admits is already an under-estimate of the likely increase in oil prices.

THE SECRETARIAT of the Organisation for Economic Co-operation and Development yesterday painted a gloomy picture of the world economic outlook in its latest forecasts, presented to the organisation's Economic Policy Committee.

Senior Treasury officials from the Western world's main industrialised nations, meeting here to try to concert their policies before the OECD Ministerial meeting later this month and the western economic summit in Tokyo, were faced with predictions of lower growth, higher inflation and more unemployment.

Following the sharp rise in oil prices and other raw materials, no one is talking any longer in terms of a high growth strategy for the foreseeable future. The Secretariat's medium-term target of an average annual growth of at least 4.5 per cent, the rate of expansion required just to prevent unemployment from rising, is considered by all as just a pipe dream.

The area has been slipping gradually into a lower growth zone—from 3.75 to 4 per cent in 1978 to an expected 3 to 3.5 per cent in the current year and 1980.

On the assumption that oil prices will rise by 16 per cent this year, which the Secretariat recognises is an out-of-date prediction, GDP in the area is expected to rise by an average of no more than 3.4 per cent in 1979, compared with 3.7 per cent last year. By the time that the Secretariat's six-monthly Economic Outlook report is published in July, this forecast will almost certainly be revised downwards.

Among the major Western industrial countries, only West Germany and Italy, and to a marginal extent, Canada, are expected to increase their GDP in 1979. But, though West German growth is forecast to rise to 3.8 per cent this year from 3.4 per cent in 1978, it is expected to slide back again in the first half of 1980.

U.S. growth is likely to fall sharply tis year to around 3 per cent from nearly 4 per cent in 1978 and to slip back to between 1.5 and 2 per cent in the first half of next year. The outlook for Japan is that GDP will rise by some 5 per cent in the current year against 5.6 per cent in 1978, but will recover in the first half of 1980 as the result of an expansion of exports, facilitated by the progressive depreciation of the yen.

Meanwhile, inflation, fuelled by higher oil prices, will become an even more serious problem for the majority of member countries, though the IECD area average rate will increase only marginally to 7.8 per cent. In the U.S., prices are forecast to rise by more than 8 per cent in 1979, after a 6.8 per cent rise last year. In Italy, they are expected to jump by 13 per cent compared with 12 per cent in 1978, in the UK by 10 per cent against 8.5 per cent in 1978 and in West Germany by more than 3 per cent, compared with 2.6 per cent last year.

It is only on the balance of payments front that real progress has been made to achieve a better equilibrium, though the current account of the area as a whole is likely to show a deficit of nearly $2bn, after a surplus of some $6bn in 1978. The U.S. current deficit is expected to be halved this year from $16bn in 1978 while the surplus of Japan is forecast to decline to only $6bn from $16.6bn in 1978, and that of West Germany to $7.5bn from $8bn last year. The forecast of a $2bn surplus for the UK in 1979 is considered by some officials here to be somewhat over-optimistic.

In the circumstances the OECD Secretariat will find it difficult to make policy recommendations likely to be endorsed by all the member countries.

Neither West Germany, which is becoming increasingly worried by its rising inflation rate, nor Japan, are likely to agree to any further expansion of their economies and their role as "locomotives" for the weaker countries will thus remain limited. Nor can the so-called convalescent countries be expected to expand much faster as long as their inflation rates are not fully under control.

THE CAMPAIGN IN LONDON INNER SOUTH

A British socialist European in embryo

BY JOHN LLOYD

When, some 20 years ago, Hugh Gaitskell encapsulated his opposition to the Common Market in the rhetorical question—"Would you have us destroy 1,000 years of history?"—an adolescent Labour Party member named Richard Balfe agreed with the assumed answer. It is difficult to determine whether or not he still does so.

The matter is of some interest, because Mr. Balfe is now standing as candidate for the London Inner South Euro-constituency, an urban sprawl just south of the Thames which takes in the eight Labour-held Westminster seats of Bermondsey, Deptford, Dulwich, Greenwich, Lewisham East, Lewisham West, Norwood and Peckham, as well as the Conservative-held one of Streatham.

His potted biography points to him being a hard-line anti-marketeer. He has already built up a minor reputation as a figure of the Left. He is political secretary of the Royal Arsenal Co-operative Society, was a Greater London Council member from 1973-77 and a radical chairman of the housing development committee for two-and-a-half of these years. At the Labour Party conference of 1975, he missed election to the National Executive Committee by one vote.

The right-of-centre youth, whose mentor was Gaitskell, is now the left-of-centre man of 35, cutting against the conventional hardening of the political arteries. His "anti-Europeanism" is hardly conventional, either. He eludes the clamp of Left-Right dualism: more surprisingly, he slips away from the contingent labels of "pro" and "anti" as well.

Like many of his comrade Euro-candidates, he appears perched on the edge of a new slope in Left-wing politics: no Jenkinsite marketeer, certainly, but rather a British-socialist-Europeon, in embryo. The further development of that embryo is by no means assured: but even its present fragile existence is an object lesson in not taking any political movement as its face value.

For example: Balfe's campaign literature, which he hawks round his enormous parish in a Landrover, is the standard stuff: "Richard Balfe will fight for you in Europe, for basic reforms to lighten the unjust burden on the people of Britain."

Against this: Balfe, sitting in the library of Herbert Morrison House—the London Labour Party's headquarters—talking of industrial policy in the EEC, bursts out suddenly: "We need a new Bretton Woods! We need something that successful again, but restructured." He quickly sketches in his concept: the three basic blocs, he says, would be the EEC, Comecon and the Third World. ("America's a selfish, self-contained country.") The basic commodity would be technology—the West exporting high technology to the East, which in turn exports medium technology to the Third World, which exports raw materials to both.

Britain has lost around £90m worth of fish as a result of not being able to operate a 200-mile fishing limit as a member of the EEC. Mr. John Prescott, MP for Hull East, claimed yesterday. Quoting what he claimed to be Treasury figures, he said that France alone had been able to catch £45m worth of fish. As a result thousands of jobs had been lost and Britain's fishing fleets depleted at a time when some other European countries were actually managing to increase theirs.

This is hardly anti-European talk. "I'm not going there to wreck the place. I want to work with other socialists there. I think socialism in the EEC will develop more hopefully than others in the Labour Party, let's say."

But—"there is a strong strain among people for getting out now. It's not just the activists. There will have to be a lot of changes."

Where? "The CAP, of course. You'll have to relate home production to home consumption to a greater extent than now. You might have to give greater incentives to efficiency—pay more to those who have the optimum size of farm, for example. You might encourage farmers to produce a greater range of products—foods that are now luxuries. You'll have to go for a planned economy in farming."

On *industry*—"There has to be co-ordination because there's so much interdependence. In some sectors you'll have to be prepared to protect. I would want to see more planning and more intervention. And as socialists, we must put some meat on the words 'international solidarity.' That means trades unions taking action across national boundaries."

Swimming into focus as Balfe speaks is the realisation that for him, as for many of the apparently hostile Labour candidates, the assembly to which they will go if elected represents a complex political existence.

It will be a forum in which they are committed to stand up for a Better Deal for Britain—that function is well stressed in the official propaganda. Yet it will also be a developing power which — unless the EEC itself fails utterly—will continue to reflect the given poitical forces of western Europe, among which socialism, in its various national forms, is one of the largest aggregate groupings.

They will find that possible solutions present themselves to European problems which have already commanded their support in national forums. Crucially, they will not be dependent upon the Westminster whips for place, but on still amorphous, but identifiable, constituencies. They will have offices, organisations, alliances of their own. Finally, they will owe their own party little: after all, its National Executive Committee has hung an implicitly anti-European manifesto round their necks, and has done less than the maximum to help them.

The question of how, given these factors, they will jump—towards nationalist retrenchment, as the manifestos indicate, or for fraternal co-operation—will be one of the more interesting issues of Labour politics in the coming years. If Balfe stands as any kind of an example, it is possible that Labour's idealism may find a fresh channel in which to run.

Resist worksharing says Prior

BY IVOR OWEN

RESISTING the work-sharing proposals made by the EEC Commission should be a top priority for Conservative Euro-MPs, Mr. James Prior, Employment Secretary, said in London yesterday.

The Commission's plans opposed by Mr. Prior when he attended his first Council of Ministers meeting in Brussels last month, are seen in Whitehallas more in tune with the views of the former Labour administration than the competition-oriented policies of Mrs. Margaret Thatcher's Government.

Mr. Prior told aCo nservative Euro-election Press conference that the European Parliament should try to "knock some sense" into the Commission's proposals.

Work-sharing would add to the problems caused by the fact that the British economy was already uncompetitive, with unit costs far too high, Mr. Prior maintained.

If we were asked to move to job-sharing this would merely put up unit costs, make us less competitive, and result in higher unemployment.

The Commission's proposals which survived his initial onslaught and are likely to be brought before EEC Ministers again in the autumn, had not yet been put to the European Parliament, the Minister stressed.

Within the Cabinet, Sir Keith Joseph, Industry Secretary is also playing a leading part in marshalling opposition to the EEC Commission's proposals.

Sir Fred Catherwood, the Conservative Euro-candidate for Cambridgeshire, joined Mr. Prior in insisting that Britain's entry into the EEC, far from resulting in a net loss of jobs, had led to the creation of more jobs in the UK.

Drawing on his experience as chairman of the British Overseas Trade Board, Sir Fred said that since becoming a member, Britain had doubled her exports to the Community. This had provided 750,000 new jobs—500,000 in manufacturing industry and 250,000 in service industries.

Europe has added to UK job problems, says Benn

BY ELINOR GOODMAN

MR. ANTHONY WEDGWOOD BENN, former Energy Secretary, yesterday blamed the EEC for adding to Britain's unemployment problems, and causing "general damage" to the country's economy.

But he also indicated that for the time being, at least, he was more or less reconciled to the inevitability of Britain's continued membership.

There was no doubt that the overall effect of Community membership had been "very disadvantageous" for the economy

Mr. Benn was speaking at the Labour Party's second Press conference of the European campaign, in his capacity of party executive member.

Mr. John Silkin, former Agriculture Minister, whose tactics in Brussels are being held up by Labour as a model of the approach the party should adopt in Europe, was only slightly less damning of the Community.

Mr. Silkin predicted that the Tories would throw away Britain's chances of getting a reasonable deal on fishing. Mr. Prescott claimed the Tories were so Right-wing that no other Conservative Party in Europe wanted to be associated with them.

The high price of expansion

By Christopher Parkes

MORE UNEMPLOYMENT, social disruption and political unrest in Greece, Portugal and Spain could be the first fruits of expansion of the European Community if world trades does not improve, according to a report on the agricultural implications of enlargement* published in London today.

The entry of the three new members would also increase the Community's difficulties with surpluses of wine, peaches, tomatoes and olive oil, the study says.

Also, the tangled web of the "green money" system used in agricultural and food trade would become even more complex, with the inclusion of the three new entrants' weak currencies in EEC dealings.

"Green" monies are special exchange rates against the European currency unit (ECU) for use in agricultural trade in the Nine. For historical and economic reasons, these rates have been allowed to slip out of parity with sterling, the Deutsche Mark and the rest.

The "green pound" for example, is about 13 per cent over-valued, since it has not been adjusted in line with devaluing sterling in recent years. The "green mark" is 10 per cent under-valued.

Rationalisation and concentration of industry is also likely, and job-seekers accorded freedom of movement within the EEC would tend to move north from the poor southern regions.

These specific pressures are likely to be aggravated by an increase in inflation in the new members caused by food prices rising to full Community levels.

It is pessimistic about enlargement mopping up existing food surpluses, especially of dairy produce and sugar. Nor will it provide much of a market for excess EEC cereals, since the livestock industries in Spain, Greece and Portugal tend to rely heavily on maize.

The Common Agricultural Policy could be put under further stress through the introduction of new commodities or the considerable expansion of output of products which at present are relatively insignificant.

* Agra Europe (London), 16 Lonsdale Gardens, Tunbridge Wells, Kent, TN1 1PD. £12.50.

S. Korean opposition challenge to President Park

BY RON RICHARDSON IN SEOUL

IN A development which is certain to raise the temperature of South Korean politics, the outspoken Kim Young-San has regained leadership of the opposition New Democratic Party (NDP) from the moderate Lee Chul-Seung, and has pledged to force the resignation of President Park Chung-Hee.

Mr. Kim gained an 11 vote victory over Mr. Lee and two other candidates seeking endorsement by the 751 delegates to the party's national convention here.

The new leader had the public backing of dissident leader and former presidential candidate Kim Dae-Jung, who was released from three years detention at the end of last year and is currently disqualified from political activity.

Mr. Kim's victory is seen as a consequence of the national assembly elections held last December in which the NDP narrowly outpolled the governing Democratic Republican Party, but was unable to aspire to power as one-third of the assembly is nominated by President Park.

Under Mr. Kim's leadership the NDP is expected to challenge the authority of the DRP government and seek amendment to the restrictive Yushin constitution drawn up by Mr. Park and approved by referendum in 1972, a year after Kim Dae Jung came close to defeating him for the presidency.

The Government considers centralisation of power and restriction of democratic activity are necessary to maintain national unity in the face of the continuing military threat from North Korea.

For the past three years under the leadership of Mr. Lee, the NDP has accepted the constitutional constraints and followed a path aimed at gaining the "fruits of peace and stability" by co-operating with the Government.

President Park Chung-Hee

After his election, Mr. Kim said the party would press for the removal of all restrictions hampering democratic activity in Korea and called for the lifting of presidential emergency decrees and the release of people arrested under the decrees.

He also said he would seek to unite the opposition inside and outside the parliament to challenge the government.

Mr. Kim's election has come at an embarrassing time for the Park government with U.S. President Jimmy Carter due to visit the country June 29 - July 1. As leader of the opposition, Mr. Kim is expected to meet President Carter and raise the issue of restrictions on human rights and democratic freedoms in Korea.

Pyongyang promises to pay back debts by 1984

HONG KONG — NORTH KOREA has offered to guarantee the protection of foreign business interests in South Korea if reunification of the Korean peninsula occurs.

It also will repay an estimated $2.5bn in foreign debts by 1984, mainly through foreign-exchange earnings generated by exports.

The Communist nation intends to expand gradually its trade with capitalist countries, and it is interested in selling goods to, or exchanging goods with, the U.S.

Those are the economic highlights from recent interviews in Pyongyang with several senior North Korean officials responsible for some of the country's economic policy-making.

The interviews themselves represent one part of a recent effort by the North to open its doors to the west and improve its relations with the U.S. The efforts will lead to eventual dipnorth apparently hopes such romantic ties with the U.S. and to U.S. assistance in achieving reunification of north and south Korea which has been a national goal in the north

Hyon Jun Guk, a member of the Central Committee of the Workers Party of Korea and the Supreme People's assembly and former ambassador to China, proposed the guarantee to protect foreign business interests in the South during a five-hour interview.

"We firmly declare that, after Korea is reunited, we will follow a neutral policy and non-aligned position," said Hyon.

The U.S. has refused to consider bilateral talks at any level with the North unless the South was included. Hyon left that possibility open when he said: "The primary thing is to meet and then discuss the form of talk—roundtable, tripartite, quadripartite. First we should meet."

The North fell into substantial debt after the 1973 oil crisis, when the bottom dropped out of many commodity markets to which it shipped its raw materials. Earlier in the 1970s, the country had purchased machinery and equipment from Japan and some western countries on a deferred paymen tbasis.

AP-DJ

Majority rule 'too soon' says parting Mr. Smith

BY TONY HAWKINS IN SALISBURY

MR. IAN SMITH

MR. IAN Smith has no regrets. This is how he summed up his 15 years as Prime Minister of Rhodesia at a Press conference yesterday.

"They have been stimulating, challenging years when Rhodesia made history which will for all time be engraved on the glorious pages of the history of this world." The outgoing prime minister said.

He was speaking 12 hours before the midnight transfer of power to the incoming Prime Minister Bishop Abel Muzorewa. The next few years in Zimbabwe Rhodesia would be crucial Mr. Smith said but he was hopeful about the future. Decent standards of behaviour, a lack of corruption, and harmony between the races would make Zimbabwe Rhodesia "unique in Africa," he said.

As final preparations were being made for the low-key power handover, officials of the Rev. Sithole's ZANU said that a further three party members had been arrested by the police in the past 24 hours bringing the total arrested so far to eight. Mr. Sithole's ZANU is boycotting the new parliament and the new government and will not be taking up its 12 seats in parliament and its two cabinet posts.

Mr. Smith predicted that recognition by the U.S. and British and the lifting of economic sanctions would have a "dramatic" impact on the country and he urged Mrs. Thatcher to grasp "this nettle." The retiring Prime Minister said he was still opposed to majority rule based on colour. "We have got majority rule, but not majority rule based on colour," he claimed, adding that in his view the world had forced Rhodesia into "a majority rule situation" too soon.

Mr Smith said that an increasing number of Patriotic Front guerrillas were accepting the Government's amnesty offer. Both Zambia and Mozambique, which provide bases for the nationalist guerrillas loyal to Mr Mugabe were becoming "tired" of the guerrillas and were "virtually booting them across the border" into Rhodesia.

He forecast a dramatic increase in the number of guerrilla defections once the new government was in office. Salisbury had not closed the door on an all-party meeting with the Patriotic Front but the guerrilla leaders were opposed to such a conference because they would not accept a democratic vote. Mr Smith added he would be asleep at midnight last night when the power transfer takes effect. "I sleep very well. I'm not one of those people who mope around because history is proceeding. You have to look ahead," he said. He has already moved out of the official prime minister residence and from today becomes Minister without Portfolio in the Muzorewa administration.

A northern enemy for Muzorewa

BY OUR OWN CORRESPONDENT

NOT LEAST amongst the problems facing Bishop Abel Muzorewa as he takes office as Prime Minister of Rhodesia Zimbabwe is the implacable hostility of his northern neighbour, President Kaunda of Zambia.

Despite the changes in the composition of the Rhodesian parliament and Cabinet, Dr. Kaunda argues that the powerful role retained by whites makes for a phoney independence.

The President played a major role at the last Organisation of African Unity (OAU) summit in securing recognition for the Rhodesian guerrilla alliance, the Patriotic Front, as the sole representatives of the Rhodesian people. He is likely to play a similar leading role in the diplomatic assault on the Muzorewa government, both at the July OAU meeting and the Commonwealth Conference in Lusaka in August.

Condemnation of the internal agreement is expected to accompany a call for continued support of the Front. Yet Dr. Kaunda is in a vulnerable position.

There are over 10,000 guerrillas of Mr. Nkomo's Zimbabwe African Peoples' Union (ZAPU) based in Zambia, which has made the country a target for a succession of Rhodesian raids. An audacious attack on Mr. Nkomo's residence last April, only a few hundred yards from State House itself, illustrates Zambia's military weakness.

And on the economic front, the southern railway through Rhodesia is vital if Zambia is to maintain copper exports, and bring in maize, fertiliser, wheat and other goods.

Government drive against Iran's dissident Arabs

BY ANDREW WHITLEY IN TEHRAN

IRANIAN Government forces are gradually restoring control over the Arab region of the south west after two days of bloody clashes in which hundreds have been killed and injured.

Tanks and armoured cars were patrolling the streets of Khorramshahr and Ahwaz the provincial capital yesterday. Navy gunboats cruising up and down the Karun River, which divides Khorranshahr from Abadan, have also been in action.

The two days of fighting have taken a heavy toll in damage to property in Khorramshahr. Three small ships anchored in the harbour banks, shops and petrol stations, were all set on fire.

After a quiet night clashes resumed yesterday morning in Khorramshahr. Arab militants from the autonomy - seeking Arab Cultural and Political Organisation sniped at Government positions, held by a combination of commando troops and revolutionary guards brought in from outside the city.

Latest reports yesterday evening said the Arabs were still defending two positions on either side of the Karun River. The city remained shut down as did Abadan and Ahwaz.

Clashes however, have been reported from some villages outside Khorramshahr.

The giant oil refinery of Abadan capable of producing 630,000 b/d of oil products much of it for export, has not been affected by the fighting. Regular troops were stationed inside its compound yesterday to protect the installation.

All the city's hospitals are full, with many of the injured being treated in private homes.

Official statements on the clashes which at one time threatened to develop into an uprising by the Arabs have blamed Imperialism and counter revolutionaries for instigating the trouble. Mr. Abbas Amir-Entezam, the Government spokesman and Deputy Prime Minister, said "enemies of Iran were sowing discord among the people but that the Islamic Republican Government would "strictly oppose them."

Admiral Ahmad Madani the provincial Governor General has refused to submit to the demands of the Arab leaders for his resignation. He told the state radio yesterday that the situation was under control, though Ahwaz a city of half a million, remained in a "delicate state."

Thousands flee from new fighting in S. Lebanon

BY IHSAN HIJAZI IN BEIRUT

THE RISING TENSION in Southern Lebanon has added to the already serious problem of displaced persons.

According to government estimates, as many as 60,000 Lebanese fled from the troubled areas during the past two weeks. The UN Relief and Work Agency for Palestine Refugees put the number of Palestinian civilians who moved out of their camps in the south at 40,000.

The port of Tyre, about 35 miles south of here on the Mediterranean coast, is a ghost town with its population reduced to only a few hundred. In the neighbouring Palestinian camps only armed guerrillas remain.

The Government is seeking urgent aid of about £10m from oil-rich Arab states to provide relief to displaced persons.

Lebanon is already burdened by 250,000 displaced persons who either lost their homes or were forced out of their locations during the civil war two years ago.

Meanwhile, Israeli fighter planes yesterday buzzed Southern Lebanon causing sonic booms and gunboats patrolled Lebanese territorial waters off the Tyre coast.

Thousands of Lebanese villagers and Palestinian civilians fled their homes and camps to safer grounds as artillery duels raged between Israeli forces and Christian militiamen on the one side and Palestinian guerrillas and their Lebanese Moslem and leftist supporters on the other.

The deterioration prompted the Beirut Government to call for an urgent session of the United Nations Security Council. This was due to take place last night.

There is genuine concern here the eight nations contributing the 6,000 troops forming the UN interim force in Lebanon, known as Unifil, may withdraw them when the forces' mandate expires on June 19.

ZAMBIA'S ECONOMY

Kaunda's unpalatable predicament

MICHAEL HOLMAN in Lusaka looks at the problems Zambia faces on its slow path to economic recovery.

AS PRESIDENT Kenneth Kaunda considers his strategy towards Zimbabwe-Rhodesia in the crucial time ahead, he has to bear in mind two unpalatable facts.

The economic health of Zambia over the next six months or more depends on the continued smooth functioning of a railway run by a country whose new administration he rejects and denounces, and some of whose avowed enemies he harbours — more than 10,000 guerrillas led by Joshua Nkomo.

Also, by the end of the year, many of Dr. Kaunda's countrymen may be eating maize, in addition to other consumer goods, carried on this very railway and supplied in part by Africa's "Public Enemy Number One"—South Africa.

Many observers here believe that if the southern railway were closed or crippled—by political decision in Salisbury or guerrilla action—every calculation on which Zambia's slow path to recovery is charted would become meaningless.

Shipments of copper—the source of 90 per cent of Zambia's foreign exchange earnings—would be cut by up to half. A serious maize shortage would occur by the end of the year, in a country where 40 per cent of the 5.5m population live in the towns.

Supplies of essential commodities from the south, including heavy fuel oil, fertiliser, coke, wheat, milk powder, and spare parts for the mines, would be reduced to a trickle, via the Botswana road and across the Kazungula Ferry.

Zambia would be almost entirely dependent on the Tanzania-Zambia Railway (Tazara) and road to Dar-es-Salaam. The incapacity of this route to handle Zambia's trade forced the reopening of the southern railway last October.

The west coast outlet of Lobito, reached by the Benguela Railway, has been inaccessible since the line was closed in 1975, and UNITA guerrillas in Southern Angola are keeping it closed to through traffic.

The Mozambique ports of Beira and Nacala could not handle more than the tiny proportion of Zambian trade that goes through at present.

Zambians already suffer sporadic shortages of basic commodities such as salt, cooking oil, washing powder, soap and flour. But it is the need for maize imports which is most worrying.

Poor rains and late fertiliser deliveries reduced the 1978-79 maize crop by about 40 per cent, and Zambia must import over 200 tonnes to make up the shortfall.

The country will run out of home grown maize—the staple diet—by the end of the year, according to most forecasts.

The origins of this present predicament go back some years. In November 1977, after nearly three years of depressed copper prices which reduced Government mineral revenue from 54 per cent of State income in 1974 to nil in 1977 (and nil in 1978), President Kaunda declared: "If we don't take action, we will perish."

He was speaking shortly after talks with an International Monetary Fund team, which prepared the way for an SDR 315m IMF credit (including an SDR 250 standby facility), effective from April 1978.

An austerity programme which began in January 1978—with Zambia's toughest budget since its independence in 1964—continues. To date, Zambia has drawn SDR 208.6m and met all but two targets.

Under the original 1978 programme, arrears in external payments (which have been stretching back more than 18 months) were not to exceed SDR 397m at the end of that year.

The final figure was SDR 495m, due to holdups of copper on Tazara, cleared when the Rhodesian route reopened. The IMF are understood to have accepted this as a revised limit. Since then, higher copper prices and cobalt earnings have reduced arrears to under SDR 450m.

The second target not met—also due to copper holdups—was the balance of payments forecast, projected to decline from a deficit of SDR 242m in 1977 to SDR 140m in 1978. The 1978 deficit is now thought to have slightly exceeded SDR 200m.

The IMF—who arrive this month for talks on new programme criteria—are broadly satisfied with Government's handling of internal issues.

A series of controls and austerity measures were implemented during 1978 (coming on top of negative GDP growth between 1974-77) despite the knowledge that general and Presidential elections were to be held at the end of the year.

Dr. Kaunda was nevertheless comfortably returned to office and the commitment to the IMF programme remains. Meanwhile, negotiations for balance of payments relief are either under way or soon to begin.

New loans

They include a possible $40m-$45m World Bank programme loan, and the raising of new loans to refinance external payments arrears.

Discussions about multilateral rescheduling of those import arrears which have been guaranteed by official agencies may take place later this year.

But everything comes back to copper and routes. Zambia and the IMF have been basing their projections on copper shipments of 56,000 tonnes a month (putting 1979 production slightly above 1978's 660,000 tonnes), at a price of SDR 0.55 per lb).

It will be hard to reach this level. Tazara, already plagued by bad management, limited skills, a shortage of spare parts and inefficiency, was shut down for eight days in March during a strike by the 3,000 workers.

Speed restriction

This was followed by line washaways in April after heavy rains, which closed the line for a month. It reopened last week, but is operating only during the day under weight and speed restrictions.

The southern route is not without problems. Goods are starting to pile up at South African ports. This is partly due to limits on operating hours in Rhodesia for security reasons, and also to the longer-than-expected turn-round time of Zambia Railways wagons.

In short, the needs of the Zambian economy appear incompatible with Zambia's role as a guerrilla base. President Kaunda has not so far allowed the price of this role — applying sanctions against Rhodesia has cost more £640m over the past six year — to divert him.

His public pronouncements over the past year show a growing impatience with the West and an increasing commitment to a military solution. But never before has he had to measure so carefully the vulnerability of his landlocked country against his personal convictions and the ambitions of guerrilla leaders.

Carter 'teach-in' on energy crisis

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER has convened a special two-day session in the White House of oil industry, consumer and environmental representatives, to try to find a way to clarify public understanding of the nation's energy problems.

He has also put out feelers to the Congressional leadership for discussions designed to break the political impasse preventing enactment of his energy proposals.

The White House, it is reported, has even suggested a political enerfgy summit at Camp David.

Yesterday, Mr. Carter, Dr. Schlesinger, Energy Secretary, and other White House officials were due to confer with about 20 oil leaders. Today, the President will meet consumer and environmental groups.

Mr. Carter has widely been accused of failing to follow through his policy initiatives after presenting them. His critics say he has not used the power of the Presidency for both public education and persuasion.

The most recent Gallup poll found that 77 per cent of the population still believed that the energy crisis had been somehow manufactured by either the oil industry or the Government—or both.

Today the first stage of the President's plan to decontrol domestic oil prices over the next 28 monthse starts taking effect. It is still subject to challenge by Congress.

In the past week, Mr. Carter has been more conciliatory than hitherto in his criticisms of those who, he has alleged, have been frustrating his energy policies. Nevertheless "finger-pointing" continues.

Late yesterday, the President's Council on wage and Price Stability charged Amerada Hess with increasing oil prices beyond the limits of the wage and price guidelines and in excess of the recent surge in crude oil prices.

Other oil companies may also be named but the Government's ability to bring sanctions against "offenders" is now in doubt, after yesterday's Federal Court ruling on the legality of the sanctions.

The Administration is also engaged in a sharp dispute with the European Community over its recent technical move to boost imports of scarce diesel and home heating oil this summer.

The U.S. admits it is providing a subsidy for these materials under its entitlements programme. But it claims the plan is not to draw oil from Middle East sources at theexpense of other nations, but is designed to tap Caribbean and other western hemisphere supplies.

Interest-rate ceilings eased for savers

BY DAVID LASCELLES IN NEW YORK

IN A SERIES of reforms, U.S. bank regulators have eased ceilings on interest rates for savers at banks and thrift institutions.

The move follows concern voiced by President Jimmy Carter and others about the way the present interest rate structure discriminates against the small saver.

In a parallel move, regulators also authorised nationwide issue of variable rate mortgages in addition to the fixed rate mortgages which are traditional.

From July 1, interest rates on passbook savings accounts at banks and thrift institutions can go up ½ per cent, to 5¼ and 5½ per cent respectively.

The thrift institutions have traditionally been allowed a slight edge over the commercial banks because of their role as suppliers of finance for housing.

Rates on other types of accounts, like four-year certificates, will also be raised, and minimum deposit and early withdrawal rules relaxed.

But the $10,000 minimum deposit for the six-month "money market" certificates, at present the most lucrative form of savings, yielding over 9 per cent, will remain unchanged.

The reforms do not, therefore, meet criticisms that only the richest savers can get the highest rates.

They are likely to have a mixed reception. Many consumer groups have been pressing for higher interest on savings, but the new rates are bound to push up the cost of housing and consumer finance.

The regulators defend the changes as bringing greater fairness to the savings market. The saver, they claim, will be providing less of a subsidy to the borrower.

The most controversial change may turn out to be the authorisation of variable rate mortgages, comparable to those long issued in Britain. At the moment, these are only widely available in California. Elsewhere, house-buyers borrow at a fixed rate determined by the state of the mortgage market.

Pressure for variable rate mortgages has come mainly from savers who want higher returns on their money, and from savings and loan institutions who argue that as interest rates on deposits become more flexible, so must rates on home loans.

Call for oil price uniformity

By Kim Fuad in Caracas

VENEZUELA WILL press for a return to a single-price system at the June 26 conference of the Organisation of Petroleum Exporting Countries (OPEC) in Geneva, Sr. Humberto Calderon Berti, the Energy Minister, said yesterday.

The present wide differences in prices charged by the 13 OPEC nations was "inconvenient" for the organisation and its members, he said, on his return from a 14-day tour of eight Middle East and North African OPEC nations.

While Venezuela will try to help the OPEC nations return to a single price system during the Geneva meeting, the minister did not make specific proposals during his tour. The problem, he said, was generally discussed.

Meanwhile, Sr. Calderon said a Venezuelan proposal to boost the OPEC special funds with an additional $800m endowment was well received by other OPEC members and will be discussed at Geneva.

A return to a single-price system would not mean a price freeze, but a uniform system for future increases the Minister said. Oil producers and consumers must discuss future oil pricing.

Nicaragua conflict may spread

By Hugh O'Shaughnessy

THE WAR between the Nicaraguan Government and insurgents of the Sandinista guerrilla movement threatens to spill over into other countries of Central America, as General Anastasio Somoza calls for international assistance for his regime.

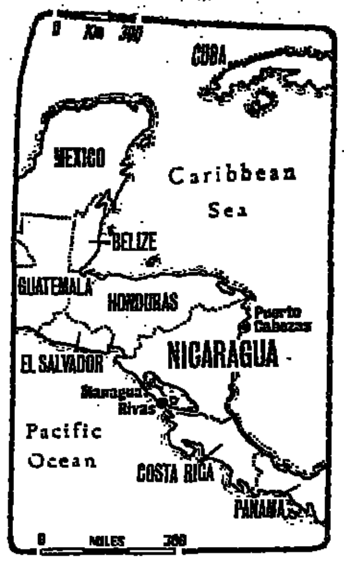
Yesterday, a Nicaraguan Government spokesman claimed the 10,000-man National Guard had checked a guerrilla invasion from Costa Rica. The Army reported heavy fighting in Rivas and El Naranjo, and at Los Mojones, La Pimienta, Morrillo, El Ostional and Penas Blancas, near the southern border with Costa Rica.

At the north-eastern town of Puerto Cabezas, Sandinista forces are said to have landed by air.

On Wednesday, the Nicaraguan authorities announced they were invoking the Inter-American Treaty of Mutual Assistance and seeking help from the Organisation of Omerican States to repel the Sandinista offensive.

The OAS is unlikely to sanction any collective move to come to the aid of Gen. Somoza, as many leading members of the organisation have condemned his past excesses.

President Jose Lopez Portillo of Mexico this month severed relations and called for General Somoza's overthrow. Neighbouring Costa Rica has also broken with Nicaragua. The U.S., the most powerful member of the OAS, would almost certainly veto any OAS aid to Somazo.



It is improbable that an OAS force will be sent to help General Somoza, but his call may well be answered by the Governments of El Salvador and Guatemala. They have given him diplomatic support, and are reported to have sent covert military assistance to him during the Sandinista offensive last September.

The Honduran Government of General Policarpo Paz Garcia might also send aid to the beleaguered Somoza forces.

Honduras, Nicaragua, El Salvador and Guatemala are grouped with other Central American countries in CONDECA, the Central American Defence Council.

The Governments of El Salvador and Guatemala have an immediate interest in the defeat of the Sandinistas. They fear that if Gen. Somoza is ejected, this will encourage insurgent movements in their own countries.

New Jersey N-plant restarts

General Public Utilities Corp. said the Oyster Creek nuclear generating station in New Jersey resumed operations yesterday and was expected to reach a 20 per cent power level by the evening.

GPM, which also ran the Three Mile Island plant, said output of the 650-megawatt unit will be increased in 10 per cent increments while tests were conducted.

Permission to restart the station, owned and operated by GPU's Jersey Central Power and Light Co. subsidiary, was granted by the NuclearRegulatory Commission on Wednesday.

The station automatically tripped out of service on May 2, shortly after the Three Mile Island incident when, during instrumentation testing, the reactor's protective system received a false signal of high pressure in the reactor. The station was shutdown completely by later that evening.

At a meeting with the NRC staff on May 9, Jersey Central told the staff that the reactor core had been adequately cooled at all times, that there was no damage to the plant and that it felt the station was ready to restart.

Meanwhile, GPU announced yesterday that net earnings fell from $142.3m to $136.4m (£69.8m to £66.9m) last year, or from $2.42 a share to $2.25, and commented that the figures do not include any provision for the loss, if any, from the accident at Three Mile Island. Sales edged forward from $1.3bn to $1.4bn.

Agencies

NDP warns Clark on Petro-Canada sale

BY VICTOR MACKIE IN OTTAWA

MR. ED BROADBENT, whose New Democratic Party holds the balance of power in the new Canadian House of Commons, said yesterday that he has made "no deals" with Prime Minister designate, Mr. Joe Clark. But the future of Petro-Canada, the state-owned oil company, has emerged as the issue over which the new minority Conservative Government could be defeated.

Following a meeting with Mr. Clark, Mr. Broadbent said the NDP would try to bring down the minority Government if it did not keep Petro-Canada intact. During the election campaign Mr. Clark proposed to return the company to private ownership.

Mr. Clark indicated in his talks with Mr. Broadbent that action to deal with rising prices likely this summer could include restoring the Federal Government subsidies on bread and milk. Moves to provide more jobs are also likely.

Mr. Broadbent said that Mr. Clark may postpone his plans on Petro-Canada in an attempt to carry on for a year or more.

On the Conservatives proposal to allow income tax deductions for interest paid on mortgages, Mr. Broadbent said the NDP remained opposed to this "regressive" plan. He hoped that Mr. Clark would heed the NDP criticisms of the proposal.

Meanwhile, the progressive Conservative economic spokesman Mr. Sinclair Stevens yesterday debunked rumours that the new Government plans to peg the Canadian dollar. "We have absolutely no intention of doing this," said Mr. Stevens, who could be Finance Minister or hold another senior economic portfolio when Mr. Clark announces his Cabinet next Monday.

A report earlier this week by the Winnipeg-based Richardson Securities of Canada suggested that the new Government would peg the dollar. The company based its prediction on the Conservatives' criticism of the Liberal Government for allowing the dollar to decline in the past two years. The report started a flurry of dollar trading on money markets, although the value of the Canadian dollar showed little change. It closed at 86.18 U.S. cents on Wednesday.

Quebec separatists take stock

BY ROBERT GIBBENS IN MONTREAL

THE REAL signal for the opening of the campaign leading up to the referendum on the future of Quebec will probably come from the congress of the Parti quebecois this weekend. The party began by being separatist, but at least the leadership has modified its stand since forming the provincial government in 1976.

The conference occurs at a time of considerable tensions within the party itself, and also of second thoughts about the meaning for Quebec of the Canadian election on May 22. Quebec federalists have made out a case to show that the election need not have played into the hands of the Parti quebecois.

For the first few days after the election on May 22 attention was almost exclusively centred on why Quebec returned only two Progressive Conservatives to the new parliament in Ottawa, and what would be the consequences for the unity of Canada.

Francophones had clearly not taken much to the personality of the Tory leader, Mr. Clark, were unclear about his constitutional aims, and resented his pronouncement half-way through the campaign (mainly to please the West) that a Conservative government would not allow the Quebecois self-determination on the issue of separation from Canada. Mr. Clark made clear that he was willing to negotiate with any Quebec government on the future status of the province within confederation, and he promised an early constitutional gathering.

As had been widely predicted, Quebec voted overwhelmingly for Pierre Elliot Trudeau. The two Conservatives who it did return was because they were well-known and liked in their own ridings.

The immediate reaction of the Quebec premier, Mr. Rene Levesque, was that Quebec had voted Liberal because Mr. Trudeau was the most powerful francophone politician in Ottawa.

Yet in the campaign the Quebec government had aimed its strategy to minimise the vote for Mr. Trudeau the arch-federalist, and Mr. Levesque had given veiled support to Mr. Fabien Roy and his Creditiste Party though without much effect.

For the typical young Parti Quebecois member across the province, the federal election meant very little since he sees his "national government" in Quebec city. His reaction afterwards was that the success of Mr. Clark had confirmed that Canada had been "polarised" between francophones and anglophones, as expected, and that it might be easier to deal with Mr. Clark than Mr. Trudeau to gain independence.

However, the leader of the provincial Quebec Liberal Party, Mr. Claude Ryan was able to seize the opportunity and proclaim that the Quebecois had voted as they did because for them it was a pre-referendum vote. They were telling Mr. Levesque, how they wanted to stay in confederation—albeit a newly-negotiated federation without present irritants, Mr. Ryan said. He recently won his seat in the national assembly in Quebec city with a solid majority in a constituency just north of Montreal.

He could also argue that though the Conservatives had won more seats in Ottawa, the Liberals had won half a million more votes across Canada which was evidence that the "polarization" theory did not stand the test of reality.

Both Parti Qúebecois and the Quebec Liberals will use the federal election results for their own purposes, though Mr. Ryan clearly had the best of it in these exchanges. Moreover he may be able to make more of the change in power in Ottawa than was first thought.

Mr. Levesque and his ministers go to the Parti Qúebecois convention this weekend amid reports that the split between moderates and convinced separatists in the party and the government has widened. The recent resignation from politics of Robert Burns, who would have been in charge of the referendum machinery was significant in its timing, even though he had valid reasons to go.

Mr. Levesque himself said at the time that a referendum on independence, held now, would be lost. His task at the conference will be to get the party convention to accept his concept of sovereignty-association with the rest of Canada as a practical departure point for negotiation with Ottawa. He may try "selling" it with the promise that if it does not work, the harder line must follow. But he will face tough going with the younger and more extreme group within the party.

It will be the last convention before the referendum—probably to be held in the autumn. He has promised to shed light on the precise question to be posed by early summer. The federalist forces have been marshalling their resources in readiness.

Canada oil stock index rises

SUGGESTIONS BY Imperial Oil Limited (Exxon) that new oilfields in the mid-Mackenzie Valley near Norman Wells, Northwest Territories, may be big enough to justify a pipeline south into northern Alberta helped to bring a rebound in the Canadian oil and gas stock index in Toronto on Wednesday from 2362.65 last week to 2415.07 or near the record high set on Monday, writes Robert Gibbens in Montreal.

Another factor was the growing belief that the new federal government led by Premier Joe Clark will act to raise domestic oil prices faster towards international levels to encourage the development of Canadian oil and gas resources. Imperial Oil has said that the year 2000 is a realistic target date for Canadian self-sufficiency if the government grants favourable conditions.

Imperial Oil chairman Jack Armstrong said the company will not know how large the new Mackenzie area reserves are or whether a pipeline will be justified until water-flooding experiments are made later this year. Of up to 600m barrels of oil estimated in the new field, only about 200m are recoverable with advanced recovery techniques. This would indicate production of about 25,000 barrels daily against average Canadian consumption of about 2m barrels daily.

However, industry reports persist that the potential in the Norman Wells area is greater than Imperial is ready to admit now.

Mr. Armstrong also said that if oil is found offshore from Newfoundland by Imperial and partners this summer, technological problems associated with building production wells in 3,500 ft of water would prevent any oil reaching onshore markets for at least a decade.

He said Imperial still has not received any agreement in writing from Ottawa guaranteeing world prices for the C$4.5bn (£1.9bn) Cold Lake heavy oil project in Alberta with projected daily output of between 125,000 barrels and 150,000 barrels.

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U.S. and China fail in bid for textiles agreement

PEKING — The United States may take unilateral action to restrict Chinese textile imports after failing to reach an agreement with China during almost six weeks of negotiations, the U.S. Trade Representative Mr. Robert Strauss said yesterday.

"There were really rather broad differences all across the board and we have a long way to go," Mr. Strauss said, admitting that he will not return to the U.S. with the trade pact which had been his goal here.

"Hypothetically it is possible that the U.S. would take unilateral action so that we would have a textile policy in effect in our country," he added. He believed that unilateral action might provide negotiating time needed to solve the differences.

U.S. officials have said that Congress is not likely to approve a Sino-American trade agreement without a textile pact in hand.'

The Carter Administration has made a commitment to protect the U.S. textile and apparel industry, either with a bilateral textile agreement or by unilateral action to limit imports.

The U.S. wants to restrict seven categories of Chinese textile imports, including shirts, trousers and gloves. China apparently has not agreed to the specific limits.

China exports about 200m square yards of textiles to the U.S. each year and is a top supplier in several categories.

China indicated earlier this week that light industries such as textiles should be developed because they could make large profits quickly and help finance the country's modernisation programme.

Agencies

Oil issue cools at UNCTAD

BY PHILIP BOWRING

AS NEGOTIATIONS between rich and poor at the UN Conference on Trade and Development reach their conclusion, the EEC has softened its position on the question of energy.

Mr. Stephane Hessel, of France, the key Community negotiator, said yesterday that the Community did not want to prevent agreement on key items on the UNCTAD agenda because of oil. Though energy was an important economic issue, it was a political question which was not on the agenda.

The Community has apparently decided that it is politic at this point to drop the divisive energy question in an attempt to gain some concessions on some of the substantive issues on the UNCTAD agenda.

The shift in the EEC's position coincided with an accusation from OPEC that the richer countries were to blame for current energy shortages and high spot prices.

Mr. Adnan Al Janabi, the head of the economics department at the OPEC secretariat, said that stockpiling was the problem.

The shortages were "unreal," he said. Instead of using existing strategic reserves to tide over any temporary falls, these countries had actually increased their stockpile purchases.

In spite of Iranian oil losses, OPEC production in the first quarter of 1979 was 1m barrels a day higher than the same quarter of 1978.

The European change of stance seems, finally, to have killed off energy as an UNCTAD issue. But the conference goes into its last two days of hectic negotiating still looking for breakthroughs on major agenda items.

Peking refuses $30m loan

By Our Euromarkets Staff

CHINA HAS cancelled a $30m (£15m) Eurocurrency loan it obtained from Chase Manhattan Bank in March, a bank spokesman confirmed yesterday.

The loan was the only credit which China had accepted from a U.S. bank, although Peking has now arranged a number of dollar facilities with European, Japanese and Arab banks.

The short-term loan extended by Chase Manhattan was to have financed the early phases of design and construction work on an office and living complex for foreign companies in Peking. A change in the site for the proposed complex is leading to amended financing plans. The Chinese will now pay cash for preliminary work.

A Chase spokesman stressed that the cancellation had not been subject to any difficulties, as the Chinese had only signed a protocol for the credit rather than a formal loan agreement.

The planned foreign trade complex in Peking is eventually expected to cost $200m. It is understood that Chase will continue talks with the Chinese on the entire financing of the project, which should be met through a much larger syndicated loan to China.

Export workers urged to see world

BY LORNE BARLING

IN ITS continuing campaign to involve shop floor workers more closely in export activities, the British Overseas Trade Board (BOTB) yesterday launched a scheme which will take selected employees abroad on sales missions.

The thinking behind the scheme, supported by the international division of Williams and Glyn's Bank, is that workers who understand the demands of foreign buyers and see the strength of international competition will more readily accept the views of management.

This underlines the conviction of the BOTB's new chairman, Lord Limerick, that successful exporting depends on efficient design, production and back-up.

At the launch of the scheme yesterday, Mr. Norman Burge, a shop steward at Bristol Composite Materials Engineering, said a trip to Saudi Arabia had considerably changed his views about exporting.

Mr. Burge, who went to Riyadh after winning a company competition, said it helped to know where a product would eventually be used, and why it should be delivered on time.

His views about executives living in luxury hotels also changed when his accommodation at the Intercontinental Hotel was not available because of a visit by the U.S. Secretary of State, Mr. Cyrus Vance.

"I sat in on sales conferences and we talked about labour problems in Britain, and realised that it was relevant to me and people who work in this country," he said.

Under the new scheme, the Williams and Glyn's Export United Travel Award, 12 grants worth up to £500 each, will be made on a regional basis. They will be nominated by their companies and selected by regional committees.

Lord Limerick said that this kind of shop-floor involvement was far more common in other countries, and urged the Trades Union Congress to play a greater role in supporting export activities.

He supported the view of the new Trade Minister, Mr. John Nott, that UK exporters would have to accept the strength of sterling and concentrate on producing quality products.

"It is the job of all of us to push up standards, not by more bureaucracy but by public awareness of the need for competitive products," he said.

It was now clear that the significant increases in UK export volume in recent years had been largely due to the weakness of sterling, and exporters now faced a much harder task.

Little was known about the direct relationship between quality of UK industrial investment and exports, but it was evident that some companies had cut research and development spending because of cash flow problems.

"Many companies rely too much on the belief that design which is good for the UK is good for other countries, but the Japanese, for example, say that we don't study their market to meet their needs," he said.

Lord Limerick believed that links such as that between BL and Honda could be advantageous, combining the depth of UK skills with fresh design and marketing expertise, but warned that British innovation was essential.

He saw the future role of the BOTB as increasingly concentrated in the regions, through the regional advisory bodies, with closer links with the National Economic Development Council's sector working parties.

"It has got to be realised that the export problems are here in Britain, not abroad," he added.

He also welcomed the Government's intention to examine the relationship between investment in a particular country and subsequent exports, which had in some cases proved to be closely linked.

Similarly, he believes that early attention should be given to the problems facing some sectors of the invisibles market such as shipping, although earnings in other sectors such as consultancy remained strong.

But as a matter of priority it appears that Lord Limerick will be seeking far greater shop floor and union awareness that export contracts are won as much on the shop floor as at the negotiating tables of foreign capitals.

Greek trade deficit rises

BY OUR ATHENS CORRESPONDENT

GREECE HAD a trade deficit of $1.8bn in the first four months of this year, compared with $1.4bn in the same period of 1978.

According to figures published by the Bank of Greece, imports in January-April this year rose by 30.7 per cent to $3.1bn, while exports increased by 36.3 per cent to $1.2bn.

The trade deficit was largely covered by an 18.8 per cent increase in invisible earnings which totalled $3m — mainly from tourism, up 16.6 per cent to $259m, shipping up 26.5 per cent to $463m and emigrants' remittances up 3.8 per cent to $296m.

Invisible payments totalled $386m, leaving a current account deficit of $936m, an increase of 37.6 per cent over the first four months of 1978.

Greece's current account deficit in 1978 totalled $1.3bn. It is expected to exceed $1.5bn this year.

Third World 'should seek brain drain compensation'

BY BRIJ KHINDARIA IN GENEVA

DEVELOPING COUNTRIES should demand compensation from industrialised nations for the services of skilled immigrants from the Third World, according to an UNCTAD report.

The report forms the basis of a resolution at the UNCTAD conference in Manila calling for study of ways richer nations could transfer back to the Third World some of the wealth generated by skilled immigrants from developing countries.

Developing nations argue that industrialised nations have access to the cream of Third World educated people partly because of strict immigration procedures under which only highly qualified doctors, engineers and other skilled personnel are accepted.

The report estimates that Western countries have become the homelands of about 420,000 skilled people from developing nations, causing a significant brain drain.

Nearly 61,000 physicians and surgeons, more than 100,000 engineers and scientists and about 123,000 technically qualified people were among those who emigrated between 1961 and 1976.

The report estimates the contribution to the developed countries at about $46bn between 1961 and 1972—or about $3.8bn per year—a figure that almost matches total official development assistance from the West to the Third World during the same period.

Plessey wins telephone order

PLESSEY has won a £3.35m contract to supply a complete public electronic telephone system to Belize, the self-governing British colony in Central America. The new installation will provide some 4,000 additional telephone lines, and will more than double the current telephone capacity of Belize.

Plessey has also won a £100,000 order to provide Norway with a Doppler VHF Omni-Range (DVOR) navigational aid, which will be located at Kristiansand Airport in south Norway

Potato exports 'worth £20m'

CYPRUS has so far exported 100,000 tonnes of spring crop potatoes out of an estimated production of 140,000 tonnes, Mr. Andreas Savvides, general manager of the Cyprus Potato Marketing Board, said.

He believed that by June 6 when spring crop exports would be complete, the amount would reach 135,000 tonnes, bringing in £20m, against 118,000 tonnes exported last year which yielded £15m.

Mr. Savvides said apart from small quantities going to Arab States and to some European countries.

Swedish pulp production shows sharp increase

BY WILLIAM DULLFORCE IN STOCKHOLM

THE SWEDISH pulp and paper mills were able to operate at considerably higher capacity during the first quarter of 1979, even though pulp exports were hampered by the severe winter weather experienced along the north Swedish coasts.

Newsprint and kraft paper sales to the EEC showed marked improvements.

Production of market pulp rose by almost 22 per cent compared with the first three months of 1978 to a total of 1.06m tonnes, according to the figures released by the Swedish Pulp and Paper Association. The most significant advances were recorded in mechanical pulp, unbleached sulphate and bleached sulphite.

On the other hand, market pulp deliveries, at just over 1m tonnes, fell by 7.4 per cent compared with the first quarter of last year. This result was due not only to the harsh winter, which delayed shipments, but also to the fact that last year the mills were delivering largely from stock.

Paper and board production grew by more than 250,000 tonnes to over 1.6m tonnes, while exports climbed by 13.5 per cent to 1.1m tonnes, of which close to 800,000 tonnes went to the EEC countries. Newsprint and kraft paper deliveries accounted for much of the increase in deliveries to these countries.

Total newsprint exports were over 259,000 tonnes, an advance of 23.5 per cent compared with the first three months of 1978. Kraft paper exports grew by 26 per cent to 254,500 tonnes.

Swedish board production rose 18 per cent to 489,000 tonnes during the period, but foreign sales trailed, recording an increase of only 2.6 per cent to 348,000 tonnes.

The Association comments briefly on the 3 per cent reduction in EEC tariffs on imports of paper from the U.S., negotiated in the new GATT round. Although the full effect of these reductions will not be felt until 1988, they constitute a "watering down" of the tariff preference the free trade agreement with the EEC was intended to provide for Swedish exports, the Association notes.

Lance Keyworth in Helsinki adds: The Central Association of Finnish Forest Industries announced yesterday that in the first quarter of 1979, Finland exported 413,790 tonnes of pulp an increase of 16.6 per cent from the previous first quarter. The corresponding figure for paper was 825,765 tonnes, up 5 per cent, while paper board exports totalled 267,675 tonnes an increase of 4.8 per cent.

Total exports of the Finnish forest industry in 1979 are expected to increase by 7 per cent, compared with a 17 per cent growth in volume in 1978.

W. R. Carpenter recovers

BY OUR SYDNEY CORRESPONDENT

W. R. CARPENTER HOLDINGS, the diversified industrial group, achieved a strong turnround in the first nine months of 1978-79, moving from a loss of A$147,000 to a profit of A$5.75m (U.S.$6.35m). Moreover, the directors forecast that group profit for the full June 30 year would be above A$8.5m.

The drastic improvement in the first three quarters was accompanied by a 60 per cent jump in group sales from A$158m to A$252m. The results were boosted by the inclusion of the full earnings of Dalton Industries, the largest distributor of fine paper in Australia, following the acquisition last year of the remaining shareholdings.

The directors of Carpenter said that Australian trading profits continued to increase with results of Dalton substantially ahead of the same period last year.

UK NEWS

Post Office order for Racal

BY MAX WILKINSON

RACAL, the fast-growing electronics group, announced its first order from the Post Office yesterday, for £1.4m-worth of data modems.

The modems, which convert streams of computer pulses into a form suitable for transmission by the telephone network, are to bused in the new Post Office Datel service.

Racal says the order is a breakthrough because it is unusual for the Post Office to buy proprietary products from outside. Usually it gives contracts for equipment to be made to its own specifications.

Mr. Ernest Harrison, chairman of Racal, said that he hoped the order would be a first step under the Conservative Government toward a "loosening of the Post Office monopoly."

He said that data communications, which accounted last year for 32 per cent of the group's business, would be an area for major expansion. Acquisition of Milgo in the U.S. had given Racal great success in this field. In two years Milgo's sales had doubled, to $80m in the year just ended.

Mr. Harrison announced that Racal was preparing to exhibit a working model of its Jaguar V advanced military radio in the autumn.

It is based on a principle called "frequency hopping" which enables it to change the frequency of its transmissions several hundred times a second. Special codes are used to keep the receiving set in step with these changes.

A similar system, intended to defeat enemy detection devices, is being developed for the U.S. Army's next generation of manpack sets.

Repeating previous calls for a rationalisation of the electronics industry, Mr. Harrison said it was in danger of running "steadily downhill" unless profitability was improved.

In answer to a question he said Racal would definitely be interested in acquiring part of Ferranti if the National Enterprise Board decided to sell its majority shareholding.

Credit traders compulsory licensing may be abolished

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PLANS to abolish the compulsory licensing of companies providing consumer credit facilities are being considered by the Government.

The licensing proposals are part of the Government's overall review of existing legislation as well as its bid to reduce Whitehall bureaucracy and the number of civil servants. In addition, the review of the three-year-old licensing procedures comes in response to criticism that they have acted as a "sledgehammer to crack a nut."

Out of the 75,040 licences issued by the Office of Fair Trading since 1976, only 16 have been finally refused after all appeal procedures have been exhausted.

However, some 142 other credit traders have been closely investigated by the OFT in the past and about 350 others are under special consideration. The most notable company whose credit trading procedures have been brought into question was the Hodge Group of companies, which was only granted a licence last December after initially having been threatend with refusal.

A final decision on whether to scrap the licensing procedures will be taken by the Government shortly after the present review of the effectiveness of licensing has been completed. The impetus for change has been prompted by the fact that companies who initially were granted licences in August 1976 will have to renew them this August.

The disadvantage for the Government in scrapping the licensing procedures would be that it requires legislation to repeal parts of the Consumer Credit Act. An alternative being considered, which would not require legislation, is to extend the life of a licence for 10 years instead of three years as at present. However, this would weaken the control of the OFT over credit companies because of the length of time between licence reviews.

Although it was the previous Conservative government which proposed, in 1973, to introduce statutory licensing of credit traders it was the Labour Government in 1974 who brought in the legislation.

Under the Consumer Credit Act all traders who lend money, arrange loans for other people, hire out or lease goods, or have a debt-collecting business are required to have a licence, with only a few exceptions.

Unlicensed traders face up to two years in prison or unlimited fines—one was recently fined £2,850—and cannot legally enforce their agreements.

It has been increasingly apparent during the three years since licensing was introduced that the degree of bureaucracy may be excessive for the consumer protection it offers. About 85 of the OFT's 307 total staff are connected with licensing administration. But with several hundred applications a week still being received by the OFT, the prospects for catching up on the backlog of 14,460 applications still outstanding seem remote.

Thus with the prospect of licence renewals starting shortly, the OFT would almost certainly need more civil servants to carry out the work. Although the cost of licence administration is largely paid for by the licence fees, which range from nothing to £55 depending on the size and type of credit trader, an increase in the number of civil servants would seem unlikely.

Abolishing the statutory licensing requirements of the Consumer Credit Act would also be in line with Conservative views that there is too much bureaucracy concerning small companies.

It is suggested that the system known as "negative licensing" would be more apropriate. This involves giving the OFT the power to deal only with rogue traders when they are shown to have acted contrary to the Act, rather than force all traders to seek a licence to provide credit facilities. Under part three of the 1973 Fair Trading Act, the director general of fair trading already has existing powers to take action against companies or traders infringing the legislation.

A Department of Trade spokesman said last night that all legislation was being reviwed by the Government but that no decisions had been made to make any alteration.

GEC electronic plant decision imminent

BY RHYS DAVID

GEC-FAIRCHILD is expected to sign a contract within the next few weeks for the construction of its £15m microprocessor plant on a 37-acre site at Neston, in the Merseyside special development area.

The company, a joint venture between the UK group GEC and the American Fairchild company, has started to recruit staff.

Production should start next summer, well ahead of Inmos, the microprocessor company set up by the National Enterprise Board, which has yet to decide where to site its factories.

GEC-Fairchild is hoping that building work on its plant, which will be similar to a Fairchild unit at San Jose, California, can start next month. The plant is expected to be ready for fitting out six months later.

The company is reluctant to disclose details of the plant's operation and declined to say how much space will be used in the development's first stage. Production is to be phased in from the U.S. in stages with the Neston plant gradually increasing its share.

Main lines

Two main lines will be made at Neston—memories for use in computers, and microprocessors for various consumer and industrial products. The company will market its products throughout Europe, taking advantage of the sales networks of its two parents.

Managing director David Marriott, speaking at Neston yesterday, was confident there would be no change in the financial arrangements worked out with the former Labour Government. The Industry Department has agreed to provide £7m for the plant in development area grants.

GEC-Fairchild expects to recruit all its staff within the UK. About 75 people will be taken on before the plant goes into operation.

Power station makers await Chinese call

BY JOHN LLOYD

BRITAIN'S power plant manufacturers—the General Electric Company, Northern Engineering Industries and Babcock and Wilcox—expect invitations from the Chinese Government shortly to discuss their tenders for the construction of complete, coal-fired power stations, submitted earlier this year.

GEC, which manufactures turbine generators, has formed a consortium with boilermakers Babcock and Wilcox to bid for two power stations. NEI, which is a merger of boilermakers Clarke Chapman and turbine generator manufacturers C. A. Parsons, has also bid for two stations.

It is thought that the Chinese will need four new power stations in the immediate future and up to 20 in the longer term.

Competition for the contracts is fierce, with a number of major European companies bidding and strong pressure from the Japanese manufacturers.

However, some optimism has been expressed for British bids, and it is believed the two UK rivals may secure contracts for one station each.

The UK industry will be well represented at the British Energy Exhibition which opens in Peking next week. GEC has taken one of the larger stands exhibiting steam and gas turbines, switchgear, transformers and reactor equipment.

In the domestic market, the three companies still await decisions on contracts for boilers and turbines for the two advanced gas-cooled reactor stations at Heysham and Torness.

A decision on which type of turbine generator to use—the choice was between the four-exhaust or the six-exhaust—was delayed while the technical arguments were reviewed by the Central Policy Review Staff earlier this year.

It is believed to have recommended the choice is left to the responsible authorities, the Central Electricity Generating Board for Heysham, and the South of Scotland Electricity Board for Torness.

Both GEC and NEI manufacture six-exhaust and four-exhaust turbines.

In the case of the boilers, NEI is confident it will receive the manufacturing contract, thought to be worth more than £200m.

Hotpoint settles Comet dispute

BY JOHN LLOYD

HOTPOINT, the electrical appliances subsidiary of the General Electric Company, yesterday agreed in the High Court to supply its products to the Comet retail chain on similar terms to those under which it supplies its other customers.

This ends a prolonged episide that has involved Hotpoint, Comet and the Office of Fair Trading since the end of last year. The OFT took action against Hotpoint for attempting to impose minimum resale prices on Comet last December.

Last week, Hotpoint gave a general out-of-court undertaking that it would not in future breach the Resale Prices Act by notifying dealers of minimum resale prices.

Yesterday's settlement was concluded with the payment by Hotpoint to Comet of £82,733.2p, plus interest, an amount in dispute between them since last year. Hotpoint also paid £30,000 in cash to Comet, and extended credit of £20,000. The costs of the action, brought by the OFT, were shared between the two companies.

Kent flights to Low Countries in September

By Our Aerospace Correspondent

A SCHEDULED AIRLINE, Air Kent, linking Kent with Belgium and Holland starts services on September 17.

It has been approved by the Civil Aviation Authority for five return flights every weekday between Manston, East Kent, and Brussels, and two a day to Rotterdam.

The 50-minute flights will be by Piper Chieftain aircraft, carrying two pilots and eight passengers. Fares, yet to be fixed, are expected to be cheaper than those from Heathrow and Gatwick.

The new services will cut substantially travelling times on these air routes.

Air Kent is the trading name of Thanet European Air Services, formed by a consortium of Kentish businessmen. Mr. Robin Paine is chief executive of Air Kent.

Unlisted securities market probe

THE MARKET in unlisted securities is to be the subject of a study by the quotations committee of the Stock Exchange.

Mr. Nicholas Goodison, chairman of the Stock Exchange Council, explained that the aim of the study was to provide a framework within which members could develop a thriving market in this field. A secondary aim was to pinpoint areas where regulation might be needed.

On Tuesday the Council for the Securities Industry said that it had examined the extent to which there are dealings in unlisted securities.

"Inquiries to date suggest that there is virtually no market in unlisted securities outside the dealings by members of the Stock Exchange under Rule 163(2) and the small operation conducted by M. J. H. Nightingale and Company," Mr. Patrick Neill, chairman of the CSI, commented in the annual report.

Under Rule 163(2) Stock Exchange members are permitted to do business in unlisted companies with the permission of the quotations department.

Plessey sells U.S. printer subsidiary

BY MAX WILKINSON

PLESSEY, the electronics group, has sold the printer division of its U.S. subsidiary, Plessey Peripheral Systems, to the Dataproducts Corporation.

Under the agreement, Dataproducts will acquire the newly developed Alpha-Graf daisy wheel printer which Plessey was just about to launch on to the market.

The printers are high quality units for attachment to small business computer systems. They are capable of printing to the standard of business correspondence.

After developing the product Plessey has clearly drawn back from the brink of mass production and promotion with the heavy expenditure which would have been needed in this highly competitive market.

Plessey said yesterday that the terms of the deal were not being disclosed, except that they involved a lump sum payment and a continuing royalty. Plessey retains the right to manufacture and market the product in the UK and Europe.

Minister criticises State industries' accounts

BY MICHAEL LAFFERTY

THE ACCOUNTS of Britain's nationalised industries come in for severe criticism from Mr. Cecil Parkinson, Minister of State at the Department of Trade, in a magazine interview published this week.

In the interview, which took place before the election, Mr. Parkinson describes the present accounting arrangements for state industries as "totally unsatisfactory." The interview appars in "Practice Review," the quarterly house journal of chartered accounts Arthur Young McClellend Moores.

Mr. Parkinson, who is a chartered accountant, says one difficulty in the area is the way the nationalised industries are organised. He has proposed the creation of a uniform capital structure for all of them.

"I dont see why the nationalised industries shouldn't conform to the accounting standards applied to other statutory bodies such as public companies. At present there's no comparability, no consistency.

The accounts of the nationalised industries have caused considerable controvery in recent years because of some of the devices groups such as British Gas and the Electricity Council have adopted to reflect inflation in their accounts. An interim code, intended to bring some comparability to the accounts was recently agreed for this year's batch of annual reports.

Soft drinks profit margins down to 2.8% from 9%

BY COLLEEN TOOMEY

THE soft drinks industry has suffered a fall in profit margins over the past three years, to a 2.8 per cent average compared with 9 per cent in 1975, according to a report by Inter Company Comparisons.

The report examines 60 leading British soft drink manufacturers. It states that although sales rose by 28 per cent over the three years to 1978, only four companies increased turnover by more than an average of 25 per cent a year.

Bad weather was not the only reason, the report says. Government price controls and intense competition were blamed.

Profits fell by half over the three-year period after a big setback in the final year. One in eight of the companies made a loss.

The survey results are a dramatic turnround for the £1bn-a-year industry, which has in the past been considered one of Britain's most profitable.

The industry has had one thing in its favour in recent years: low sugar prices, about £100 a tonne. Sugar stocks are still high.

Low sugar prices have also helped the confectionery industry, although sweet manufacturers are finding demand for sugar products declining.

Inter Company Comparison analysed the performance of 60 UK manufacturers over three years to 1978 and says that although they were generally unspectacular, forecasts "growth for many years."

The industry, dominated by Cadbury, Rowntree-Mackintosh and Mars, improved turnover in the three years by 49.1 per cent to £225m in 1978. Profits increased in proportion with sales, rising in the second year by 21.9 per cent with margins remaining stable at 6.4 per cent.

Report on Confectionery Manufacturers and the Report on Soft Drinks Manufacturers (ICC Business Ratios, 81, City Road, London EC1Y 1BD, £44 each).

Duty free shop extended

THE TAX-FREE shop in the Terminal 1 international departure lounge at Heathrow has been extended. Trust Houses Forte, the concessionaire, expects revenue to go up by at least 20 per cent. The shop will stock 50 per cent more jewellery items

More radios for London buses

LONDON TRANSPORT is to equip a further 1,100 buses with radios—at a cost of £970,000—because of their success in combating assaults on staff.

About 2,300 buses already have radios and by the end of 1981 four out of five London buses will be fitted with them.

Mustang in UK

FORD'S U.S.-built 2.3-litre Mustang sports car is to go on sale in the UK on Tuesday, with left-hand drive, for £7,285. A right-hand drive version will be available this year.

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Sir Frank McFadzean steps down

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEW chairman of British Airways is Mr. Ross Stainton, 65, formerly chief executive, who has been with the airline and its predecessors for 46 years.

He succeeds Sir Frank McFadzean, who is leaving at his own request after three-and-a-half years as chairman. Sir Frank has no immediate new post.

But he may be given a Government job by Mrs. Thatcher whom he openly admires.

Sir Frank, as a former chairman of Shell Transport and Trading before going to BA, is an economist and an expert on oil distribution, and his experience could be useful in the present fuel situation.

The new deputy chairman is Mr. Kenneth Wilkinson, 62, formerly engineering director, a former chairman and chief executive of British European Airways and a former vice-chairman of Rolls-Royce (1971).

The appointments, announced yesterday by Mr. John Nott, Secretary for Trade, leave two vacancies in the airline's top management — chief executive and engineering director.

These are expected to be filled at a board meeting today.

It is widely believed throughout the airline that the new chief executive will be Mr. Roy Watts, the director of finance and planning, and that the new chief engineer will be Mr. John Garton, the deputy chief engineer.

Mr. Stainton said yesterday that he did not know until Wednesday afternoon that he was to be the new chairman of BA. He was due to retire yesterday but will now serve until December, 1980.

During that period he will be faced with some major tasks—including steering the airline into the 1980s, with the growing challenge of fuel shortages and price rises, and the possibility of some denationalisation of the airline with the Government offering shares in it to public investors.

It was made clear yesterday that Sir Frank's resignation as chairman, 18 months before his period of office expired, was accepted by the Government with regret.

Sir Frank said that the personnel changes had been under consideration for some time.

It had been his idea that Mr. Stainton should succeed as chairman, he added. "Ever since joining British Airways I have made it clear that I thought it important that the next chairman should come from within the airline," he said.

Mr. Stainton began work with Imperial Airways in 1933 as a 15 shillings a week trainee. He has been with the BA group and its predecessors since then, apart from a brief period in the RAF in the Second World War.

He became commercial director of BOAC in 1964 and was chairman from 1972 until its merger with BEA to form British Airways in 1974.

Mr. John Nott, Air Secretary (left), Mr. Ross Stainton, the new chairman of British Airways, and his predecessor, Sir Frank McFadzean

Scrap profits drop, but 'worst is over'

BRITAIN'S SCRAP merchants' profits have declined continuously over the past three years, especially in the ferrous scrap metal sector, according to a survey of the industry. But there are signs that the industry is now moving out of its recession.

Overall profit margins for the sector as a whole stood at 1.6 per cent in 1977/78, with the ferrous scrap metal sector showing a negative return of —0.7 per cent.

The average sales growth over the three year period—ending in April 1978—was 24 per cent, though 23 of the 99 companies surveyed showed lower sales in 1977/78 than in 1976/77.

The report comments that the ferrous scrap metal merchants' performance "is heavily dependent on the policies of the British Steel Corporation." A cutback in production in 1975 lowered demand, and prices fell to £25 a tonne, rising to £40 a tonne in 1976, then falling back again to £25 a tonne in 1977.

"The whole situation was further aggravated by the level of imports. In 1976 the BSC turned to overseas suppliers, including Germany and the U.S. in order to obtain the supplies needed. The UK thus became a net importer of scrap for the first time in something like 15 years."

Waste and Scrap Merchants: Inter Company Comparisons, 81, City Road, London, EC1, £55.

Engineering recovery is hesitant

By Hazel Duffy, Industrial Correspondent

LATEST engineering industry statistics indicate that the home market has made a hesitant recovery from the industrial disputes that severely affected orders in January. New export orders, however, show a much more encouraging trend.

Figures in Trade and Industry, the Industry Department journal, today show that new orders, seasonally adjusted, rose 11.2 per cent in February over the previous month. Home orders increased by only 4.5 per cent whilue export orders jumped by 25 per cent.

The January setback, however, means that on a three-monthly basis, new orders are still showing a decline of 9.5 per cent over the previous period.

The poor home market recovery is particularly disappointing as there had been evidence in the latter half of 1978 of a definite upturn. The Department's officials believe that the February order level may reflect a postponement of orders because of the effects of delayed deliveries.

If so the disruptions on the industrial scene will be more easily forgotten. However, forecasts on the economy predict that the outlook for engineering is for slower growth than for the economy as a whole, particularly for mechanical engineering. Prospects for electrical and instrument engineering are more buoyant.

Building society receipts fall from April peak

BY MICHAEL CASSELL

BUILDING SOCIETY receipts fell back in May, although they were still the second highest monthly total since October.

Provisional estimates suggest that net receipts last month were about £300m, compared with £343m in the previous month, a fall largely accounted for by rising withdrawals to finance holidays.

The societies generally continue to have fairlys table inflows and lending, and it seems likely that this position will last for some time.

Mortgage advances run at an average £270m a month, with new monthly commitments staying at about the same level.

With demand for mortgages still high, a significant increase in receipts would be needed before lower interest rates could be considered.

The societies keep a close eye on house prices, which have gone on rising at a faster-than-predicted rate in the first few months of 1979, though they say that the increases are moderating and the market is returning to more stable conditions.

Demand for new privat housing remans strong, says th House-Builders' Federation which claimed yesterday, tha half the members respondin to a state-of-trade inquiry cit lack of readily available mort gage finance as a major co straint on housebuilding.

Mr. Don Moody, president o the federation, quoted som housebuilders as saying tha mortgage availability ha improved. But, he said, it wa vitally important that contra tors were confident about th future supply of home loans i output was to be stepped up.

The present level of privat housing activity was unsati factory in view of the prospe of continuing strong demand Mr. Moody said.

He claimed that shortage o suitable building land wa proving an even bigger barrie than mortgage shortages, an that an improvement in th supply should be treated by th Government as the mos important priority in housing.

Ford cars go up by average of 4.8%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE COST of putting a new Ford car on the road in Britain will be more than £2,500 following price increases averaging 4.8 per cent which take effect today.

The price rise is the last to come from UK-based car groups in the recent round of increases and among the lowest.

Ford says it has stood by its undertaking, given to the previous Government, to limit the wage-cost element in any price increases.

Chairman Sir Terry Beckett promised last November, following the controversy caused by the group's 17 per cent pay award, that the wage element in price rises would be treated as if wages had been restricted to a 5 per cent increase, in line with the Government's pay guidelines.

The group said yesterday that in spite of the change of Government it would continue to honour its undertaking until the end of the current Ford wage agreement in November.

However, as the UK car groups have in the past put up prices mainly in January and June it is unlikely that Ford's undertaking will have any practical effect from now on.

In the past couple of weel Chrysler UK's prices have bee lifted by an average of 6.4 pe cent and those of Vauxhall, th General Motors subsidiary, b an average of 6 per cent. BL car companies, Austin Morr and Jaguar Rover Triump made price rises which ave aged out at 4.5 per cent becau some models were not affecte The increase for those models which did go up in pri averaged 5.5 per cent.

Giving details of today rises, Ford said the Fiesta would go up from £2,380 £2,497 which would mean a of well over £2,500 once deliv charges and road tax we added. Other price incera include: Escort Popular 1100 from £2,381 to £2,498: Corti 1600L four-door from £3,339 £3,560: Capri 1300L fro £3,339 to £3,504: Granada 200 from £4,731 to £4,964: an Granada 2800GL Estate fro £7,294 to £7,367.

● Saab (Great Britain) is th latest of the importers to mak price additions. The cost of th Saab 99 and 900 models goes u by an average of 4.3 per cen

Investment trust chief criticises takeover bids

BY TIM DICKSON

INSTITUTIONAL INVESTORS who have recently made bids for investment trusts were sharply criticised yesterday by Lord Remnant, chairman of the Association of Investment Trust Companies.

Referring to takeover activity in the investment trust sector, Lord Remnant attacked "the predators who have only partly thought through their action."

At the launching of the 1979 Investment Trust Year Book he said that investment trust suitors only seemed to be interested in first class portfolios, a factor which he felt should be reflected in highe offers for trusts.

These portfolios would no necessarily perform better afte a takeover if the investmen team was broken up.

"It would be ironic if th long term effect of the preda tors' actions was to act agains the best interests of their ow beneficiaries," Lord Remnan said.

He drew attention to th better outlook for investmen trusts brought about by the 197 Finance Act and the reductio in the trusts' own capital gain tax liability.

Councils' £114m capital

BY JAMES McDONALD

CAPITAL MANAGED by the Local Authorities' Mutual Investment Trust, an investment management company controlled by the associations of UK local authorities, totalled £114m at the end of February.

The £79m Local Authorities' Property Fund, the fourth largest exempt property fund for superannuation funds, had another satisfactory annual return in the year to the end of February: income and capital combined of 21.8 per cent, compared with 24.3 per cent in the previous year.

The report details properties recent acquisitions and ren reviews. In the past year th fund invested or committe £11.2m: these investments in cluded a £3.7m departmen store in the centre of Leeds an £2.9m spent on warehouse deve lopments in Oxford, Leeds an Witham, Essex. A total of 7 local authorities participate i the fund.

The total return on the £25n Local Authorities' Wider Rang Fund amounted to 27.5 per cen last year, compared with 17. per cent in the previous year.

Japanese pays £20,000 for ancient horse statue

SALEROOM

BY ANTONY THORNCROFT

A SASSANIAN solid cast statue of a horse, dating from between the third and sixth centuries AD, was sold at a Christie's antiquities auction yesterday for £20,000, plus buyer's premium and VAT, to Fugendo, the Japanese dealer. The sale totalled £224,485.

A similar price was paid by Chini-Germain for a Cycladic marble head, 7½ in high and dating from about 2500 BC. Rosewood acquired an Attic red figure column krater of around 475 BC for £9,000, and Zeitz paid £8,000 for a bronze statue of a cat from 26th dynasty Egypt. An Attic black figure hydra of about 575 BC made a similar price.

In English furniture at Christie's, a Regency mahogany bureau cabinet made £4,600.

In an objects of vertu sale at Sotheby's Belgravia, a large oval ivory dish, probably German, and dating from the second half of the 19th century, sold for £3,400.

The Sotheby's print sale totalled £26,903, with a Rembrandt of an old man selling for £850.

In New York on Wednesday, Old Master paintings brought in £807,634, a still life of flowers by Balthasar van der Ast making £70,732.

Postal increases 'may damage exports'

BY JOHN LLOYD

BRITAIN'S BIG mail users are worried that the proposed postal tariff increases will damage exports. They have asked the Post Office to halve its intended increases in overseas mail, and to raise the price of a second-class stamp by 1p rather than 1p.

The Mail Users' Association, which represents a number of large postal customers, especially publishers, said yesterday that the rises in overseas tariffs, an average of 19 per cent, and 25-30 per cent for printed paper rates, "would be tightening a tourniquet on the economic jugular of the nation."

The association has challenged the corporation to increase profits "through productivity instead of prices." The MUA's director, Mr. Michael Corby, said that on his calculations, value for money in the letter post service had halved between the mid sixties and now.

Publishers will be particularly hard hit, the association claims, because nearly half of their £400m annual sale is exported. The proposed increases might put 5 per cent or more on their total costs, which would work through to book prices, making them less competitive internationally.

It also alleges that the Post Office has deceived a number of its customers by giving only two months' notice of the current rises after telling users of the direct mail deposit scheme that they would have three months' notice.

The range of proposed increases are now being considered by the Post Office Users' National Council, which will then submit its recommendations to Sir Keith Joseph, Industry Secretary. Sir Keith has already "reluctantly" accepted the rises in principle.

● The Post Office is to embark shortly on a national advertising campaign to popularise postcodes on letters. Only 50 per cent of letters carry codings.

Its £50m programme of letter mechanisation is aimed to be completed by 1982-83, when 83 mechanised sorting offices will have replaced 1,200 manual sorting offices.

There are 27 mechanised offices at present. Ten more will be in use this year. The programme has been delayed by initial hostility from the Union of Post Office Workers, and from action taken last year by the Post Office Engineering Union, which instals the equipment.

Postmen are now co-operating on the understanding that any redundancies will be voluntary. The programme may result in the employment of 5,000 fewer postmen.

Forte to build £2m holiday chalets in Ulster

By Stewart Dalby in Belfast

TRUST HOUSES Forte is making a major investment in Northern Ireland to develop a 200-bed chalet complex in the lake area of Fermanagh, it was announced yesterday. It is being undertaken with the Northern Ireland Development Agency at a probable cost of £2m.

Trust Houses Forte aims to build 50 chalets to receive the first visitors in 1981. Additionally, in the first phase of the project, a small complex will be built comprising a shop, a bar and a grill restaurant. This will cost £1.2m. Later, it is hoped to double the number of beds at a further cost of £800,000.

The project, which the company says is "definitely not a holiday camp," will be situated in the lower Lough Erne area, a favourite haunt of fishermen and nature-lovers. The complex, to be built on a 40-acre site which the Tourist Board has owned since 1973, is aimed at adventure holidays for fishermen and families interested in cruising.

Review

A review of the industry, announced yesterday by Mr. Giles Shaw, Parliamentary Under-Secretary responsible for tourism and industry, will include a look at the activities of the Northern Ireland Tourist Board. Consultants will be appointed to undertake the investigation.

It will assess the potential for the development of industry; pay particular attention to employment and other contributions to the local economy from tourism; and review the present "organisation and instruments" for promoting development.

Mr. Shaw said there were signs of an improvement in tourism prospects. In 1978 there were about 580,000 visitors to Ulster, an increase of a quarter on 1977.

BSC in link with Firth to make exhaust systems

BY MAURICE SAMUELSON

THE BRITISH Steel Coporation has gone into partnership with Firth Brown, Sheffield's biggest private sector steel company, with a view to exploiting the demand for catalytic systems for treating car exhaust fumes.

They have set up a joint company, Firth Brown Fox, to develop Fecralloy, a new family of alloys, originally designed for use in nuclear power stations.

Car exhaust systems in the U.S. and Japan have to be fitted with catalytic converters, to reduce the level of carbon monoxide in the atmosphere. At present, the converters have a ceramic base, but are expected to be replaced by highly resistant alloys within a year or two.

Fecralloy ingots are already produced by Firth Brown, which specialises in super steels, such as those used in aircraft. The new company would benefit from the BSC Sheffield division's rolling facilities, to turn the alloy into wire or strips.

Catalytic exhaust converters are already produced in Britain for cars exported from here and Europe to the U.S. and Japan. Johnson Matthey, which has factories in Britain and the U.S., expects to supply 10m units this year and 30m in 1980. Customers include BL, Rolls-Royce, Aston Martin, Volkswagen, Audi and Ford.

So far, Johnson Matthey has only supplied ceramic-based converters, but believes that alloy-based units will start coming into use in 1980 or 1981. It has the sole licence to use Fecralloy for this purpose. Other alloys are being developed for exhaust converters in West Germany and Sweden.

Sheffield's interest in Fecralloy began two years ago when a company called Resistalloy was set up to make it under licence from Harwell. A stainless steel alloy, Fecralloy contains chromium, aluminium and small amounts of yttrium.

The link-up between BSC and Firth Brown has caused a stir in Sheffield, where they are more often regarded as rivals than partners. Although BSC has joint ventures with Arthur Lee, another major private sector producer, this is its first partnership with Firth Brown for many years.

Together, they control medium and heavy special steel forging in the city. They are natural partners. BSC has some of Europe's best rolling facilities for special steels while Firth Brown's special melting facilities are unrivalled.

Developing countries 'must plan tourism'

By Lisa Wood

THE NEED for governments of developing countries to prepare national tourism master plans and incorporate them into their economic activities is stressed in a report published by The Economist Intelligence Unit.

The report questioned whether tourism's economic benefits to these countries were illusory or whether the industry brought large benefits.

While generally concluding that the industry could play a significant part the report said: "The amount and type of international tourism development should be consciously established on the basis of complete awareness of the impacts being created and the other choices available rather than allowed to happen on an unsystematic basis and unrelated to other economic activities."

International tourism is the second largest item in world trade and was worth about $60bn (excluding international transportation) in 1978.

Harder

The report indicates that developing countries are geographically well-placed to increase their share of tourists (about 15 per cent in 1977) as package tourism spreads further outwards from the major western centres but that the lower per capita expenditure of this type of tourist will make it harder for developing countries to increase their share (about 18 per cent in 1977).

Looking at the economic effects of tourism on developing countries, the report concludes that it can be an effective generator of foreign exchange and employment as well as reducing balance of payments problems, diversifying the countries' economies and curing regional imbalances.

But there are attendant problems particularly as the tourism of many developing countries is to a large extent under the control of foreign enterprises which may result in a serious leak of foreign exchange earnings. The report argues that there is a strong case for close government control.

The Economic and Social Impact of International Tourism on Developing Countries: EIU Special Report (No. 60) £40.

Tests begin on computerised phone system at Eastbourne

By John Lloyd

COMPUTERISED telecommunications equipment that might cut a fifth off times of operator-connected calls and save several million pounds annually is to start a six-month trial this weekend at Eastbourne.

If generally introduced, the new equipment might reduce the numbers of the Post Office's 31,000 operators by 1,500.

The system, automatic call recording equipment (ACRE), has been developed by the corporation and engineered by Standard Telephone and Cable at a cost of about £2m.

It automatically records the time and charging rate of operating calls on tape for processing in the computerised billing system.

It thus cuts out the task of writing call details on a paper ticket, which takes 100 seconds, on average. Post Office telephonists connect 1m inland calls each day and answer 2m inquiries.

Shoe profit margins up

FIGURES FOR 1975-78 from 60 of the leading companies in the British footwear manufacturing industry are encouraging, a survey says.

Over the period, the average profit margin rose from 6.9 per cent to 8.6 per cent and the return on capital increased by 20.7 per cent to an average of 22.1 per cent.

Profit from each employee—in effect, productivity — improved from £198 in 1975 to £415 in 1977-78, the report says. The number of loss-making companies fell from 13 in 1975-76 to one last year.

The British industry is dominated by BSC Footwear, the manufacturing section of Sears Holdings' footwear making and High Street retail interests, and Clark's.

Clark's improved its margins over the period, while BSC Footwear had the highest profit margins for all three years.

Most other UK footwear companies are small and rely on Government protection from increasing imports, although, for many, exports are growing in importance.

Footwear Manufacturers, Inter Company Comparisons, 81, City Road, London EC1, £44.

Bakers' chief hails price freedom

FINANCIAL TIMES REPORTER

THE BAKING industry's annual turnover in bread and related products was £1bn, "ranking only second to meat products and far exceeding tea, biscuits and breakfast cereals," said Mr. Theo Curtis, retiring chairman of the Federation of Bakers, in London yesterday.

Mr. Curtis, speaking at the federation's annual luncheon, welcomed the Government's decision to abolish the Price Commission, "which in executive and managerial time cost our industry and the consumer very substantial and totally wasted sums of money."

The urgency of the need for the recent bread price increases could not be overstated, he said. Increasing costs of fuel and oil derivatives, and such things as packaging, presented problems for the future.

There seemed at last to be a growing appreciation of bread in the diet. "Many leading nutritionists are emphasising the value of the minerals, vitamins and dietary fibre obtained from bread."

Public spending limit of £8bn a year urged

BY DAVID FREUD

PUBLIC SPENDING plans probably need to be reduced if the public spending borrowing requirement is not to breach the limit likely to be set by the Chancellor in the forthcoming Budget, according to City stockbrokers Phillips and Drew.

In its latest economic circular, the firm says it expects the Government to aim at limiting the PSBR to no more than £8bn in both 1979/80 and 1980/81.

The firm forecasts that on the national income accounts basis a rise in public spending of 13 per cent in current price terms would be consistent with limiting the PSBR to £8bn.

The 13 per cent translates into 10 per cent on an Expenditure White Paper basis, and in current price terms this increase will allow little or no scope for growth in public spending real terms.

Furthermore, if, as the firm suggests, public sector costs grow faster than costs in the general economy the scope for volume expenditure will be further constricted.

The extent to which public spending plans may be allowed to increase, in volume terms, in 1980-81 will depend on the rate of public sector wage costs increases in that year.

However, given the weighting of public sector wage costs and the impact of comparability awards to public sector employees, the firm believes there will be little room for an increase in spending plans in 1980-81.

The firm concludes that if the PSBR is to be kept to no more than £8bn in 1979-80 and 1980-81 public spending plans can show little or no growth over those two years.

"Indeed on our forecasts there will almost certainly have to be a reduction in public spending plans in this financial year in relation to actual public spending in 1978-79 if the PSBR target is to be met."

British guests kept hotel lettings up

Financial Times Reporter

HOTELS have the English to thank for keeping the number of guests stable in 1978. Despite poor weather, some increased prices and a bumper year in 1977 during the Jubilee, hotels had an average of 47 per cent of their beds occupied last year, compared with 48 per cent the year before.

The number of overseas visitors in hotels fell from 19 to 17 per cent last year, giving a small increase in domestic hotel guests, 30 per cent.

British hotel guests were particularly welcome in London, the South and the South-East. In London the number of foreign hotel guests fell to 58 per cent of the total, compared with 61 per cent in Jubilee year and 64 per cent in 1976.

Due to improvements in hotels charging less than £7.50 a night, occupancy of urban hotels rose to 50 per cent last year, against 48 per cent the previous year.

Hotel Occupancy Survey, 1978. English Tourist Board, 4, Grosvenor Gardens, SW1W 0DU. Free.

Engineers' employers to improve pay offer

By Our Labour Staff

THE ENGINEERING Employers' Federation is to make an improved pay offer to 2.5m workers in an effort to avert industrial action later this year.

Talks between the employers and officials of the Confederation of Shipbuilding and Engineering Unions were adjourned three weeks ago with little progress having been made.

But the EEF has now consulted member companies for authorisation to make a modest improvement in the current offer on national minimum rates.

The offer is conditional on the 15 unions within the confederation not proceeding immediately with their claims for a 35-hour week, an extra week's holiday and other benefits.

Details of the new offer—to be put to the unions in London on June 7—have not been revealed.

The unions submitted a claim for an £80.00 a week basic rate for skilled men, an increase of £20, and for £60 for unskilled workers, a £15 rise.

The employers offered rates of £65 and £48 repectively and rejected all other claims for improved conditions. After the last round of negotiations, Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said the two sides were "collision bound."

The employers have suggested that a joint working party should be set up to discuss improvements in conditions.

Most workers in the engineering industry already earn above the minimum rate—figures for April show that skilled men earned an average of £82 13 for a 40-hour week (£62.43 for unskilled workers).

Texaco threatens to close yard hit by rig equipment stoppage

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TEXACO attempted yesterday to end a two-week unofficial stoppage that threatens to delay the start of oil production from the Tartan North Sea field by a year.

It ttold 800 strikers at Burntisland Engineers and Fabricators that they must return to work on Sunday or face the closure of the yard. The men are to meet this morning.

The Burntisland yard, in Fife, is building four modules containing essential drilling and processing equipment that were to have been completed by the beginning of last month and installed on the Tartan platform early next month.

However, work was so far behind by January that Texaco took the unusual step of withdrawing the contract from the Burntisland management (the yard is 75 per cent owned by British Shipbuilders) and putting in its own engineers to oversee the work.

All the workforce was paid off by Burntisland Engineers and given redundancy pay plus three months' money in lieu of notice; then immediately re-employed by a sub-contractor working for Texaco.

Basic wage rates were increased and, with overtime and extra shifts, the men were given the opportunity to double their previous earnings.

That failed to prevent labour trouble at the yard. Now the strikers are demanding a completion bonus of £1,300. They have rejected Texaco's offer of £290, although that has been approved by their union officials.

Mr. Peter George, the shop stewards' chairman, said that several factors had led to the rejection of the offer, including uncertainty about the yard's future after the Tartan order was finished, and the high bonuses paid by other yards doing oil-related work.

Texaco commented that if the men did not return to work it would have to consider other means of getting the modules completed in time to be floated out to the field during this summer's mild weather. If that proves impossible, production from the field will be delayed by a year.

"The future of the Burntisland yard is the responsibility of British Shipbuilders, but the best way it can attempt to attract further orders is to build up confidence in its ability to complete an order and deliver on time," the company said.

Hopes for power workers' pay pact soon

BY PAULINE CLARK, LABOUR STAFF

HOPES THAT an acceptable pay formula for the 96,000 power workers might be found "within a month" were expressed yesterday as sunions and employers' representatives renewed talks beforea full negotiating meeting in a week's time.

The talks were described as "informal and exploratory" by the Electricity Council. It is believed they centred on the possibility of a re-grading exercise which would give many workers more than the amount offered under a previously rejected offer.

The negotiations have taken on a political significance for the Government since a ballot of members by the four unions involved rejected a package offer estimated at 14 per cent by a three-to-one vote early in May.

The Government would not welcome a confrontation with one of the most powerful industrial groups in the country so early in its term of office.

Unofficial shop stewards' leaders have said that they do not seek to lead a campaign of industrial action over pay this year. But they have pledged support to national leaders if action is called in support of an earnings rise of over 15 per cent, the level seen as "the going rate" in the country.

The shop stewards' committee has called on union negotiators to give 21 days' notice of action from next Thursday if no progress is made at renewed talks.

The previous offer rejected by the postal ballot, although recommended for acceptance by national union leaders, comprised a 9 per cent increase on basic rates, full consolidation of bonuses by October next year, and fringe benefits.

All the signs yesterday were that a new offer would emerge at next week's negotiations, with any new money for lower-paid workers coming out of a grading reshuffle.

Union leaders have insisted that the chief reason for rejection of the last offer was that more new money was required.

Lower-paid workers, from craftsmen downwards, are said to be demanding an improvement on the £6-a-week rise offered so far. Foremen are believed to be prepared to settle for their proposed £11 on basic rates.

Bank associations reject 11% offer

TWO STAFF Associations and the Association of Scientific, Technical and Managerial Staffs have rejected a pay offer worth 11 per cent in new money made by the English clearing banks.

The Banking, Insurance and Finance Union last week rejected the offer, which management says it its final one, and is canvassing its branches to see what further action should be taken

The National Westminster staff association and the staff association at Lloyds have told their banks that the offer is unacceptable.

Mr. Bob Carthy, general secretary of the staff association at National Westminster, said yesterday that the association, which has submitted a 15 per cent claim, was seeking more new money across the board together with improved differentials.

Rubery jobs cut

ABOUT 400 workers are to be made redundant at the Rubery Owen plant in Darlaston, West Midlands. The group has been making an annual loss of £500,000 at the plant which has been hit by recent strikes in the motor industry.

Dispute threatens nuclear station

By David Fishlock, Science Editor

A NUCLEAR power station in North Wales may be forced to close down next week if its technical staff continue unofficial industrial action in pursuit of salary increases.

Some of the engineers at the Trawsfynydd nuclear station — members of the Electric Power Engineers Association — are refusing to participate in a nuclear emergency demonstration exercise.

The 110 technical staff at the 390 MW power station are expected to ballot on whether to continue their action.

Only one of the two reactors at Trawsfynydd is operating, the other is shut down for overhaul. It is not due back on-load until July.

Expensive

Loss of the output of the reactor still operating will cost the Central Electricity Generating Board about £61,000 a day in replacement electricity from more expensive sources.

The board estimates that it will still need 12 technical staff and 18 industrial staff at Trawsfynydd to comply with safety requirements when both reactors shut down.

The technical staff are seeking a re-grading of their status, which would raise all engineers at this station by one grade, and give them salary increases from £350 to £1,000 a year. The CEGB said last night that it believed the regrading would come about before the end of the year.

10,000 London staff set to join Post Office strike

BY PHILIP BASSETT, LABOUR STAFF

TEN THOUSAND Post Office telecommunications staff in London are expected to strike today over the suspension of 250 clerical staff who have refused to perform work normally done by staff now on strike over pay.

The Post Office said yesterday that more than £300m in revenue was being held up by selective strikes by the Civil and Public Services Association and Society of Civil and Public Servants.

Strikes at computer centres at Leeds and Harmondsworth, Middlesex, have halted the issue of computer-processed telephone bills since April 5, although the Post Office has been preparing some bills by hand for large customers. Most customers, though, face a six-month rather than quarterly account when the dispute is over.

Today's one-day stoppage, which the Post Office said would have little effect on the public, is by the 10,000 London members of the CPSA. The suspended staff are mainly in the London Central and London City Commercial Cash Group branches.

Forty CPSA members at the two centres were called out in an attempt to halp receipt and banking of telephone bill payments. The Post Office asked the 250 staff in groups of about 20 to take over their work, and they were suspended when they refuse.

Ts association is paying the suspended staff strike pay of their usual basic wage and this week has started collecting a voluntary levy amongs ts 230,000 members. The Post Office said that about 350 other staff had walked out in sympathy with the 250 who had been sent home for refusing to work as directed.

The association termed the Post Office's action in suspending staff "highly provocative." It would not succumb to bullying by management, which seemed intent on extending the confrontation.

The two unions claim increases of about 25 per cent. The Post Office has offered all six unions representing about 200,000 telecommunications workers an increase of 9 per cent plus 3½-7 per cent for grade reconstruction. Those unions, including the CPSA and SCPS, with an April 1 settlement have also been offered 2¼ per cent to move to a common dateof July 1.

The executive of the Post Office Engineering Union, the largest telecommunications union, will meet today before its annual conference next week to discuss its next steps on pay after rejecting the offer.

The union, which acted last year to secure a shorter working week, is pressing the Post Office to settle the pay part of the package in July but to leave the reconstruction question until January 1.

Borthwicks

International meat processors, traders and retailers

Interim Report for the six months ended 31st March, 1979

The unaudited results of the Group for the six months to 31st March, 1979 are shown below, together with those for the six months to 31st March, 1978 and the year to 30th September, 1978. The Board has declared an interim dividend of 2.4p per Ordinary share to be paid on 6th July, 1979 to shareholders on the register at the close of business on 15th June, 1979.

	Six months ended 31st March 1979	Six months ended 31st March 1978	Year ended 30th September 1978
	£000	£000	£000
Turnover	278,000	204,000	512,000
Profit before taxation *(see notes 1 & 2)*	5,636	2,200	6,222
Taxation *(see note 3)*	(2,923)	(1,480)	(2,034)
Profit after taxation	2,713	720	4,188
Minority interests	(87)	168	560
Extraordinary items *(see note 4)*	(309)	(8)	(189)
Profit attributable to Ordinary Shareholders	2,317	880	4,559
Dividend	(1,084)	(1,082)	(2,796)
Transfers to (from) reserves	1,233	(202)	1,763
Earnings per share	5.82p	1.97p	10.53p
Dividend per share	2.4p	2.4p	6.2p

Notes:

1. The Board considers that the Group now exercises sufficient influence over Stanbroke Pastoral Company Proprietary Limited (Stanbroke), in which the Group holds a 36.1% interest, to classify Stanbroke as an associated company. The Group's share of profits in Stanbroke for the six months to 31st December, 1978 amounts to £529,000 from which a dividend of £216,000 has been received. Therefore, by treating Stanbroke as an associated company the net increase in the Group's profit before taxation for the period amounts to £313,000.
2. Due to the revaluation of fixed assets as at 30th September, 1978, the depreciation charge for the six months to 31st March, 1979 has increased by approximately £550,000 to £3,142,000.
3. Taxation is based on the results of the Group for the six months to March, 1979 and 1978 and consists of:

	Six months ended 31st March 1979	Six months ended 31st March 1978
	£000	£000
Overseas tax	4,761	1,580
Deferred tax	(2,074)	(100)
	2,687	1,480
Associated company tax	236	—
	2,923	1,480

4. The extraordinary items for the six months to 31st March, 1979 and 1978 represents the exchange loss on translating net current assets of subsidiaries at rates ruling at those dates.

The results for the first half of the 1979 financial year are encouraging. Our mainstream meat business has performed well. We anticipated profitable Australian and New Zealand beef sales in the United States and these have been attained. More recently, beef prices have come back a little with some reduction in margins. Good beef sales more than compensate for the disappointing sales of New Zealand lamb in the U.K. during the period, which were expected. We should see better market conditions for lamb in the second half of the year. Industrial relations in New Zealand have been stable through the season.

A fire occurred at our Waitara works three weeks after the end of the half year, but happily it will have no adverse effects on our business. Insurance cover will fully compensate us for the lamb slaughtering and processing facilities, together with stocks which were destroyed. Our fine new beef complex which was completed two years ago was totally untouched. Rebuilding is expected to be completed in time for the next lamb season.

Shortly after the end of the half year, we completed the new A$4 million beef slaughtering and processing facility at Mackay in Queensland. This will allow us to increase our share of cattle purchases in one of the best livestock areas in Australia.

The new businesses retained from the acquisition of Matthews Holdings are fully integrated and performing in accordance with our growth objectives. In particular, the Flavours Division prospects continue to be most encouraging and our retail butchers operations in Britain and France have contributed handsomely to the half year result. The outlook for them appears bright. Industrial catering is now moving ahead after earlier difficulties. Although a small business at present, we see this activity becoming increasingly important to us in the future.

Midland Cattle Products continues to perform above the industry's average and is giving a good return on capital despite the continuing national shortage of raw material.

It is with pleasure we announce that Sir Alan Neale, KCB, MBE, has said he will be free on 1st July next to accept our invitation to join the Board as a non-executive Director. Sir Alan was Permanent Secretary of the Ministry of Agriculture, Fisheries and Food from 1973 until 1978.

Borthwicks

Thomas Borthwick & Sons Limited
Priory House, St. John's Lane, London EC1M 4BX

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HYDRAULICS

Air drives pump

A MEANS of minimising the installed and operating costs of fluid power systems is offered by Hi-Power Hydromatics, 455 Edinburgh Avenue, Slough SL1 4UG (Slough 35835).

Basically the unit, in a 265 mm by 152 mm diameter cylinder consists of a reciprocating air motor the piston of which is connected to the piston of a liquid pump.

The company believes this arrangement overcomes the objection to a fixed displacement hydraulic pump in which size is determined by maximum demand, inefficiency and heat resulting at other times, or variable displacement systems, which, although they minimise these effects, are expensive to install.

Direct use of compressed air on the other hand, means that the power/size benefits of hydraulics are not obtained, with the added disadvantage that air is difficult to control precisely due to its elasticity.

The new device, called Heypac, converts compressed air into an hydraulic power output, the latter being perfectly matched to system demand without unnecessary heat generation.

Reciprocating frequency of the pumping action varies infinitely from zero to maximum, depending upon the power called for. The hydraulic power obtained is a function of the applied air pressure and also of the pressure intensification ratio: maximum rating of the former is 7 bar (100 lbf/sq in) while the latter is determined at the works by variation of liquid piston diameter, the standard ratios being five, 10, 20 or 40 to one.

The air drive will function down to 1.3 bar, so that the unit can provide a range of output pressures between seven and 270 bar.

Because there is no electrical engineering content, Heypac is inherently flameproof. It can also operate with fluids other than mineral oil.

● SERVICES

Metrology facility

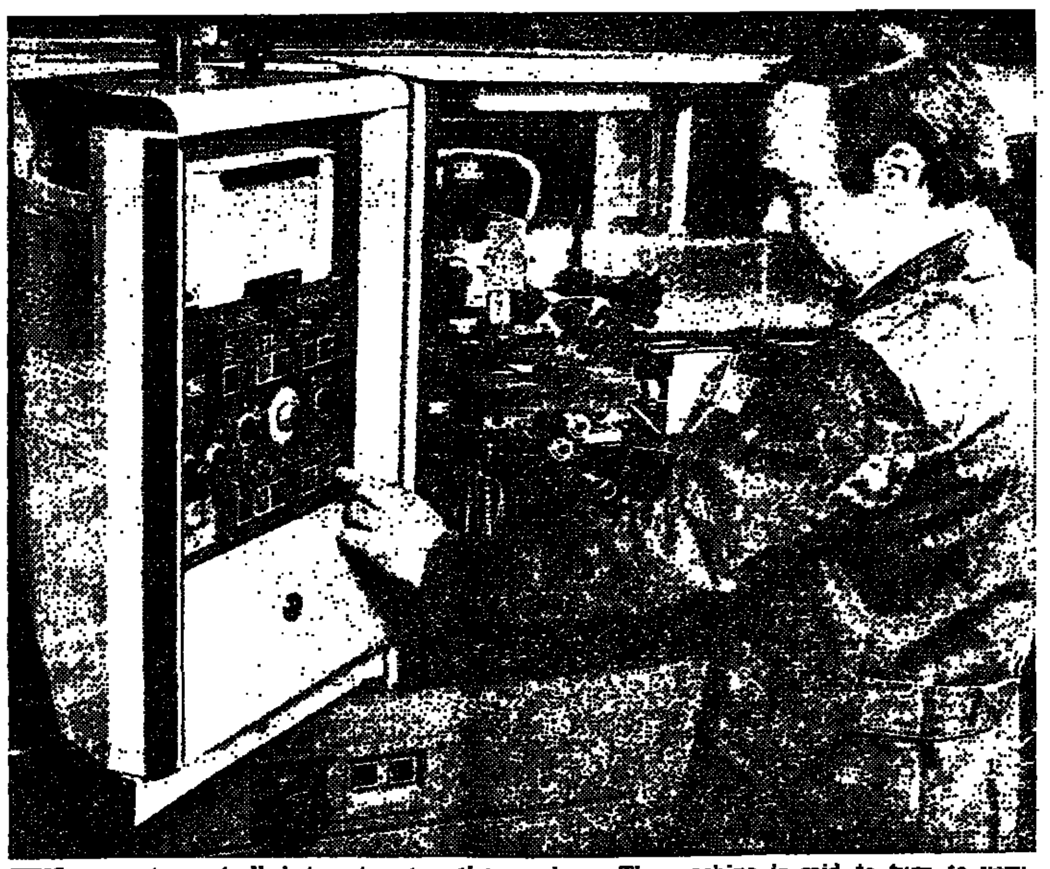
BRITISH Calibration Service approval has been obtained by IMI Research and Development for the facilities offered by its new metrology laboratory at Witton.

The unit is able to offer a number of services to the rest of industry including calibration to BCS standards of workshop and inspection gauge blocks, plain and screw plug and ring gauges, inspection micrometers and setting rods, verniers, and dial, roughness, and roundness gauges.

Among the equipments the laboratory can bring to bear are an electronic comparator, a universal horizontal microscope, optical projector and grade A surface table.

For all the equipment there are the appropriate standards traceable to national and international requirements.

More from PO Box 216, Witton, Birmingham B6 7BA (021 356 4848).



THIS computer-controlled turret automatic was among several new machine tools put on the market last week by Traub Automatics UK. It is stated to be equally suitable for small, medium and large batch production and will operate on 26 and 42mm diameter bar. The machine is said to turn to very high accuracy at spindle speeds up to 5600 rpm. By inserting a simple punch card, the computer is instructed to recall any of up to 100 canned cycle programs for the individual tool movements.

● PROCESSING

Microwaves recycle rubber

ALREADY WIDELY used in the rubber industry for pre-heating and drying, microwaves have now been applied to the knotty problem of re-cycling scrap rubber.

In the U.S., Goodyear has developed a single stage microwave oven based on a commercially available microwave generator and is using it to devulcanise special rubbers used in industrial products. Such compounds are commonly used in motor car hose, inner tubes, some types of conveyor belts and many moulded and extruded parts.

Use of microwaves has the effect of breaking chemical bonds and devulcanising the previously granulated material which can then be converted into sheets of new rubber ready for immediate re-use. The process is rapid enough to allow material discarded in the morning to be made into new products the same day.

Goodyear Tyre and Rubber Company (Great Britain), Wolverhampton WV10 6DH (0902 22321).

Hot foil marking machine

COMPACT and relatively low cost, a hot foil marking machine, model H2 from PB+E Engineering has a 6 x 4 in print area and a thrust of 0.5 ton.

The unit is able to mark a wide range of products economically by means of self-contained, fully interchangeable accessory units. A fast-action jacking system gives up to 13 in of clearance and the 4½-in bore cylinder has fine work stroke adjustment. The simplified setting makes the machine easy to use with silicone rubber dies.

Both the temperature and the dwell time are electronically controlled, with fine adjustment over a wide range. An accurate and fully adjustable foil index system ensures foil economy and consistency of output. A foil rewind facility and quick release mechanism ensure quick changeover.

Among the attachments that may be added at any time are hand or power slide feed tables, rotary index tables for high speed work and units for marking curved surfaces.

More from the company at 713 Banbury Avenue, Slough, Berks SL1 4LH (Slough 36536).

● COMMUNICATIONS

For those who work alone

TELE-NOVA has installed a paging system at Ilford's factory at Mobberley, Cheshire, which is integrated with the PAX network so that internal paging can be handled quickly without contacting the telephone operator, and will serve as a security alarm for the social club and alert the shift electrician if a major plant alarm occurs.

It is a free-radiating system with 21 receivers and a small manual control console which is sited beside the PO switchboard. The operator depresses the appropriate receiver number on the control panel and the called receiver will respond with a bleep tone. Should a particular receiver be faulty there is a transfer code facility, in that another receiver can be patched into the system which will take over the number of the original receiver. This facility extends to a maximum of five substitutions at any one time.

There is continuous production 24 hours a day, seven days a week in the coating department with five day, three shift working in the finishing rooms. In the finishing area staff work in dark-room conditions, some working in isolated locations with potentially dangerous equipment. These staff carry a small transmitter. By pressing the transmit button an ultrasonic signal is sent to a sensor which illuminates a lamp in a panel above the shift supervisor's desk, indicating the area where the emergency has occurred, while at the same time sending out an alarm tone to the supervisor's paging receiver which overrides all other calls.

Tele-Nova, 111, Endwell Road, Brockley, SE4. 01-692 9816.

● COMPUTERS

Interactive machine

MAIN-MEMORY and disc storage capacity four times greater than its previous largest interactive system is offered by NCR in the new I-8270, providing an attractive growth path for users of smaller I.8200 systems, as well as a highly competitive interactive machine.

The system allows data to be immediately posted to all files concerned so that records are as current as the latest entry. By contrast most systems in this price and size category, claims NCR, provide only keyboard data entry to an intermediate storage device for later batch updating of files.

The I-8270 includes a processor with 256k to 512k bytes of memory, 10 to 80 million bytes of disc (fixed and removable) a variety of printers with speeds ranging from 125 to 900 lines per minute, from one to 24 visual-display terminals, and flexible diskettes, magnetic tape cassettes and magnetic tape storage systems.

NCR says pricing of the I-8270 offers price/performance advantages. A basic system, with 256 byte memory, one visual-display terminal, a 70 line per minute matrix printer, and 10 million bytes of disc capacity is priced at £33,155. The I-8270 will be available for customer delivery in the first quarter of 1980.

The I-8270 uses NCR's range of interactive multiprogramming application programs for retail, financial, manufacturing and wholesale distribution.

They permit several different operations at the same time. For example, with a system designed for wholesalers, one operator can be entering an order via one visual display terminal while another is checking the inventory level of a certain product and a third operator is calling for a printed report summarising sales by region and salesman.

More from 206 Marylebone Road, London NW1 6LY (01-723 7070.)

Programmed cutting

OWNERS of the Como and Super Como paper cutting machines will be interested in an add-on microprocessor-driven programming unit which can increase machine effectiveness.

The computer is controlled by an impulse transducer connected to the feed screw on the back gauge, and is in turn connected to a mini-cassette which can house 99 programs. Two digital displays show the distance between the knife and the back gauge, and the size of the pile just cut.

For programming the operator simply places the back gauge in the correct position; presses the recording key and moves the back gauge to required positions: the computer will remember them all and subsequently cause the cuts to be made in the right order.

The processor can also check the backlash of the back gauge so that the correct compensation is always made. Deviations of more than 0.1 mm will halt the work cycle and light a warning lamp.

If desired, the data can be fed in from the keyboard while the back gauge is at a standstill. In all, 1,000 cutting marks can be programmed.

More from Stanley Press Equipment, Bank Street, Macclesfield, Cheshire SK11 7AR (0625 29211).

● MATERIALS

Concrete flooring

HAVING IN MIND industrial areas like food stores, paper warehouses, abattoirs, foundries and freezer rooms, Ronacrete (Ronac House, 269 Ilford Lane, Ilford, Essex: 01-553 2096), has introduced a new, thin section concrete flooring called Polycrete.

It is heavy duty and can be laid to 6mm thickness and is offered at 20 per cent of the price of epoxy or polyester systems.

There are no special requirements for laying, says the company, adding that epoxy resins, for example, have to be laid by an approved contractor.

This surface promises to be fully operational within 24 hours, gives a totally monolithic bond, and is said to have a higher degree of impact and abrasion resistance than epoxy resins.

Moreover, it should resist diluted inorganic acids, sulphates, sugars, fats and greases, and will cure down to 0 degrees C.

Inhibits spread of fire

ITEMS MADE of natural fibre, such as carpets, curtains industrial clothing, etc. can be made highly resistant to fire by means of a compound offered by Isaac Bentley and Co., Naylor Street, Liverpool (051 227 1177).

The compound is water-based, odourless and invisible when dry. It is spray applied and crystallises, so reflecting heat away from the treated material. It also interferes with the production of flammable gases from the material, says the company, thus limiting the spread of flames beyond the area of applied heat.

Called Fireben, it can be used at the manufacturing stage to give fire resistant properties to hardboard and wallpaper for interiors, and to cardboard for the packaging of inflammable materials.

Company also claims that this is the first flame-proofing compound to delay charring and ignition by both deflecting applied heat and retarding flame spread.

Effective life of the liquid varies according to the application, says the maker, which supplies it direct to customers in 25-litre containers and 205-litre drums.

● COMPONENTS

Road-marker made from plastics

PERCY SHAW'S "cat's eye" has become an established and much respected piece of roadway furniture over the past 40-odd years, but is now being challenged by the introduction of a reflective roadmarker made entirely of plastic.

Looking rather like an upturned flying saucer, the Kingray works on the ball-spring principle, is set into the road's surface after a little hole-drilling, and weighs only 25 grams—standard reflective roadmarker is much heavier.

Its light weight is an obvious benefit for the export market. More important is the fact that its body is of a reinforced polypropylene and its lens of toughened polycarbonate (the plastic used in banks, etc., for bullet-resistant windows).

Rubber casings used in conventional roadmarkers may not be entirely suitable for the intense climate conditions of Libya and Saudi Arabia, says the maker, where customers are finding this plastic product could also promise substantial money saving on ambitious motorway or airport projects.

Used as lane dividers, edge markers, and complicated intersections, it is said to give unparalleled illumination and, because it is depressible (it retracts on impact into a road surface) an audible bump warning is given to confirm lane trespassing.

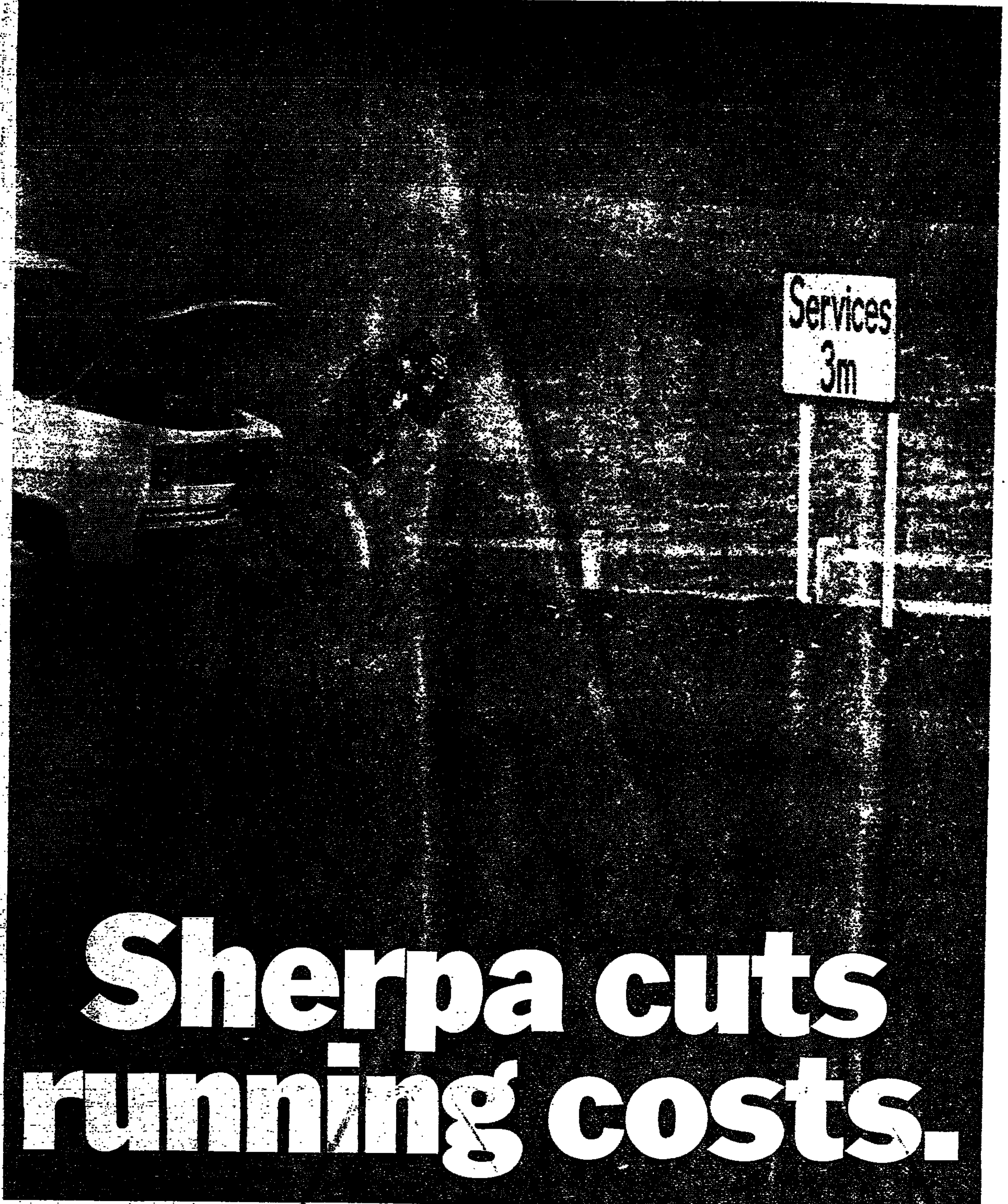
First used in trials at Brussels Airport (where they have been in operation for over a year) they are now in transit to Singapore and Europe and under commercial scrutiny in the USSR and Czechoslovakia, says the company.

Kingray, Durno Works, Town Street, Horsforth, Leeds (0532 589438).

Industrial filters

BRITISH FILTERS, a member of the Tecalemit group, has made an agreement with Eppensteiner GmbH, under which it will market and distribute the West German company's range of industrial and hydraulic filters in the UK and Eire.

Under the agreement Eppensteiner will also market the British Filters product range in Germany. Additionally, certain areas of research, development and design technology will be undertaken jointly, and British Filters will manufacture some of the German company's products in the UK.

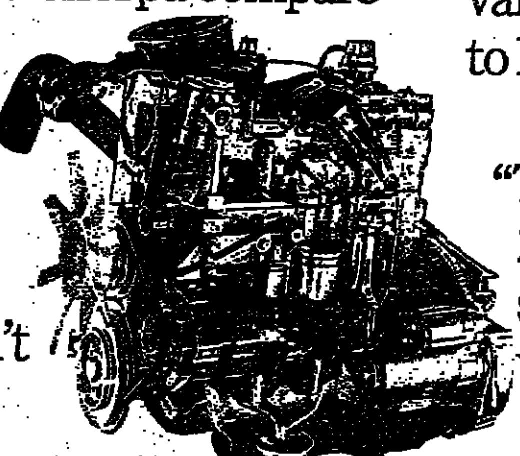


Sherpa cuts running costs.

What no one wants (driver or operator) is a van that breaks down.

Because what really pushes up running costs, is when your van stops running. How does the Sherpa compare here?

First, if at any time during the first year your new Sherpa breaks down on the road, the driver needn't run anywhere.


A cut-away of the new 'O' Series petrol engine.

As part of the Supercover warranty, an AA Relay recovery vehicle will be sent to the rescue, free of charge.

In return for a fixed amount, this free recovery service can be extended to the second year.

As can the rest of the Supercover warranty for free parts and labour.

The fact that Supercover is available from over 2,000 Austin Morris dealers countrywide means your Sherpa will never be far from help.

But the very reason we're so happy to provide Supercover, is because Sherpas so seldom need it.

They keep on keeping on. Offering good mpg as well as reliability.

A loaded Sherpa diesel is the only van ever in a "Motor Transport" road test to have broken the 50 mpg barrier.

Whilst in a January 1979 test by "Truck" magazine, a fully loaded Sherpa 250 petrol van achieved 41.36 mpg at a steady 40 mph, and 27.74 mpg on a test with two stops a mile.

The new 'O' Series engine has further advantages.

Its 1700cc size inside a large engine compartment makes it very easy to work on.

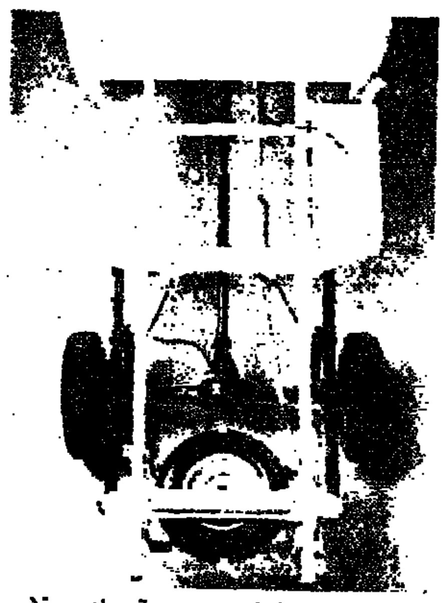
All the service points have been put where they are most easily accessible (e.g. the distributor, driven from the camshaft, is right up on the head).

Because the camshaft is an overhead design, set in an aluminium head, the weight of the engine has been reduced considerably.

Bucket tappets enclose adjustment shims that once set in place, stay set in place. The toothed drive belt (instead of a conventional chain) means no need for adjustment or lubrication.

Thanks to a combustion chamber design similiar to that in the Jaguar V-12, fuel burn is efficient and emission control well in advance of today's anti-pollution standards.

To make it easy to set the engine for optimum performance and economy, there's provision for an LED probe (though of course it is still possible to use conventional stroboscopic timing).


Note the flat-topped chassis and integral mounting flanges.

If your business involves long distance motorway haulage, an important option on both petrol and diesel engines is the GKN Laycock Overdrive – which can save up to one gallon in six, as well as make for longer engine life and quieter cruising. Also optional is the Borg Warner automatic transmission.

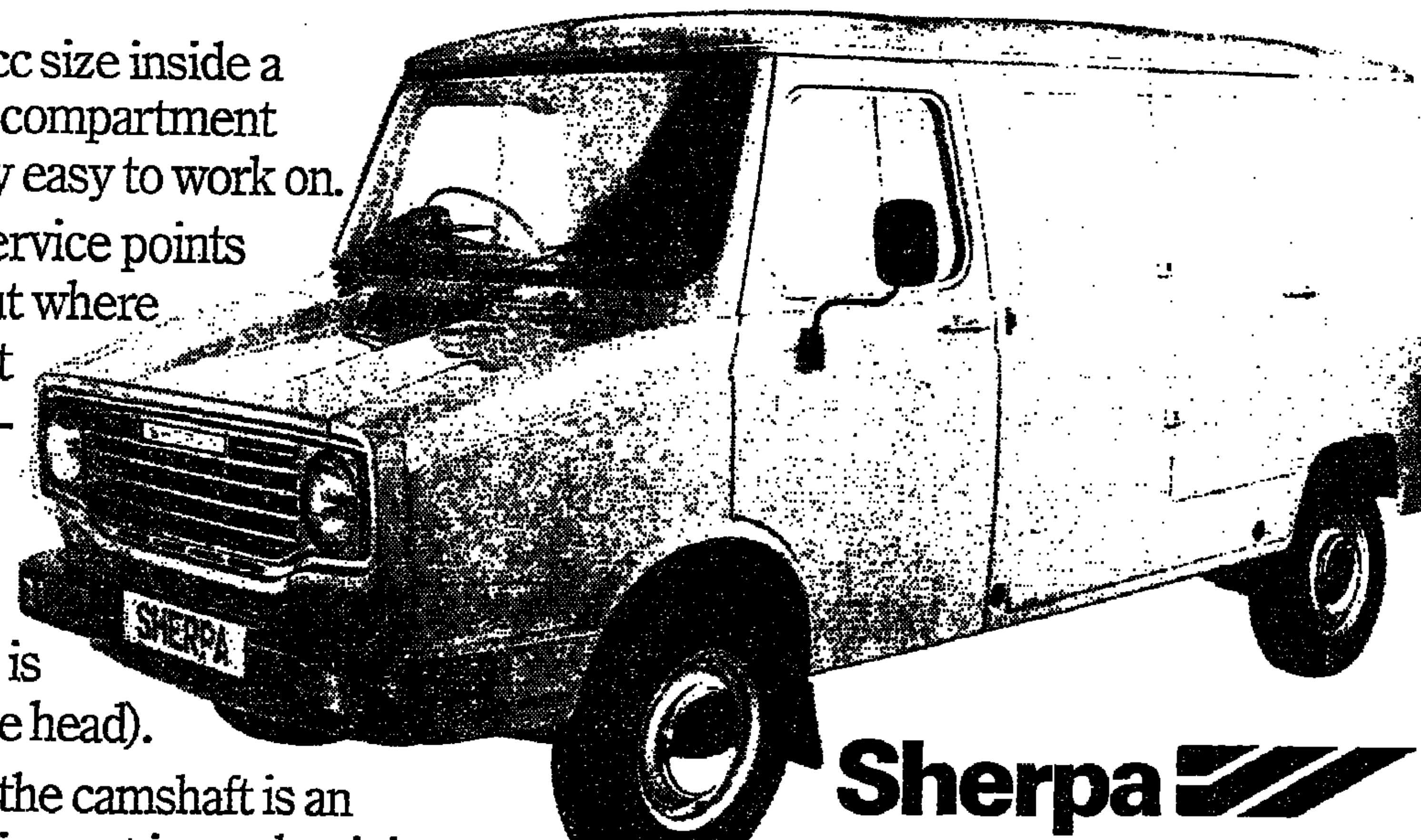
Result: Sherpa has jumped from No. 5 to No. 2 in sales over just the last five years.

Yet, in addition to the improved petrol engine, it now has more comfort in the driver's cab, a better appearance, and up-rated payloads.

There are three Sherpa vans for you to choose from (in standard or deluxe models, with 12 different combinations of access doors).

As well as two pick-ups, a crew bus, a minibus, and a chassis cab that's one of the strongest presently manufactured in Europe.

Run round to your local Sherpa dealer to learn more. And cut your running costs from then on.



Sherpa

From Austin Morris. With Supercover.

FOR FURTHER DETAILS PLEASE CONTACT LIGHT COMMERCIAL VEHICLE SALES DEPT., AUSTIN MORRIS LTD., GROSVENOR HOUSE, PROSPECT HILL, REDDITCH, B97 4DQ

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

William Chislett describes how Alfa, born out of a 130-year-old Mexican family business, has grown rapidly over the past five years to become the country's largest private enterprise

A front-runner in Mexican industry

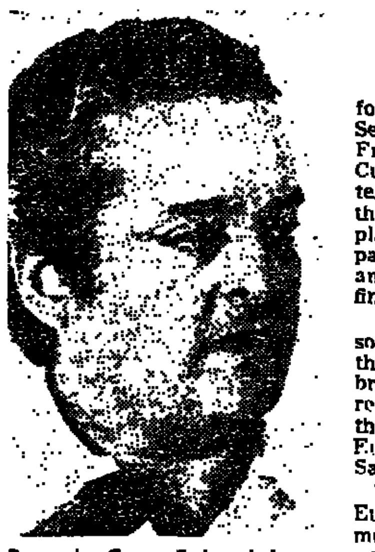
GRUPO International Alfa, the strongest muscle of the Mexican private sector and the flagship of the so-called "Monterrey Groups," is a corporate phenomenon that is changing the lackadaisical image of the country's management.

Formed five years ago last month from interests owned by one of Mexico's most powerful families, Alfa—which embraces the steel mill Hylsax (Hojalata y Lamina, Sociedad Anonima), a packaging firm and a television company as the core of the holding company—is now the largest private concern in Mexico. In 1976 it became the first Mexican enterprise to join the ranks of the "Fortune 500" *largest corporations outside the U.S.*

Alfa's 1978 results, revealed at its recent annual meeting, highlighted this position. Net profits (taking into account the devaluation of the peso in 1976, when the exchange rate went from 12.50 pesos to the dollar to 22.50) have shot from 469m pesos ($37.5m) in 1974 to 1.8bn pesos ($80m) in 1978. Total assets have increased from 7.1bn pesos ($568m) to 34bn pesos ($1.5bn), sales have leapt from 4.4bn pesos ($352m) to 19bn pesos ($840m).

Its portfolio now includes secondary petrochemicals, tourism, real estate, electronics, mining and capital goods and new interests are on the horizon. The strength of Alfa is such that it now calls the tune in many parts of the country, having expanded out of its home in Monterrey—known as the Chicago of Mexico—in the northern state of Nuevo Leon, into nine other states.

Alfa's rise to power has been both political and economic, for the two are intimately intertwined in a system as complex and labyrinthian as Mexico's. And behind this growth is a story of skilful and sometimes ruthless management, a readiness to take some risks and a vision of a developing Mexico with the rising oil revenue fuelling an expected economic boom. This rise has, of course, been aided by an abundant supply of cheap labour in a country where unemployment and underemployment are estimated at over 40 per cent.



Bernardo Garza Sada, chairman of Alfa.

Juan Morales Doria, Alfa's director for Mexico City, talks of never going into anything but a "good business" and so far certainly none has turned sour. For everything which Alfa has touched has turned to gold and it has not yet burnt its fingers.

"Good management for us means profits, producing what the country needs, a well run administration, paying taxes and having a good relationship with your employees. And I put profits first because without them you cannot grow," says Dr. Morales Doria. Alfa fits this bill to a large extent.

The roots of Alfa lie in the founding in 1850 by two Sephardic Jews, Isaac Garza and Francisco Sada, of the Cuauhtemoc Brewery in Monterrey. A glass factory was then built to produce bottles, a plant to produce bottle tops, a paper factory to produce labels and a bank to control the financing.

As the organisation expanded some parts separated to form their own groups, but the brewery, Hylsa and Banca Serfin remained under the control of the sons of Isaac Garza—Eugenio and Roberto Garza Sada.

In 1973 the 81-year-old Don Eugenio, as he was known, was murdered and since his brother was two years his senior, their sons decided that the time had come to divide up the empire. Don Eugenio's sons kept the brewery and the bank and formed Grupo Visa and Don Roberto's sons formed Grupo Alfa in 1974.

At that time 75 per cent of Alfa's assets were related to steel. This meant that the holding company's fortune was too closely tied to the country's economic cycles. There was also talk at that time, under the populist government of Luis Echeverria, of nationalisation of the steel industry. Hylsa is a highly successful steel mill and produces about a quarter of the country's steel.

At the same time the Mexican economy was slowing down after four decades of averaging 6 per cent GDP growth rate a year. The economy reached its crisis point two years later with the 80 per cent devaluation of the peso.

Faced with this situation Alfa, under the leadership of Bernardo Garza Sada, the chairman, decided to make a *meticulous study of the new* areas it could enter. It consulted U.S. agencies like McKinsey and the Boston Consultancy Group and followed the reports of the Wharton Econometric Forecasting Associates, a non-profit making department attached to the University of Pennsylvania.

Like his father Don Eugenio and many present Alfa executives Bernardo Garza Sada attended the Massachusetts Institute of Technology: he started the process of applying U.S. managerial methods to tradition-bound Mexico, where management is generally content to rest on its laurels and not expand.

Alfa based its decision to go into synthetic fibres, secondary petrochemicals, mining electronics and tourism on three factors: growth potential, cutting down the cyclical nature of new interests and profitability.

What has happened since then, as a Monterrey Alfa executive says, is that "the country's priorities have become our priorities." But, of course, only in the profitable areas.

Secondary petrochemicals was a logical area given the country's oil and natural gas wealth and the control exercised over basic petrochemicals by the State, which reserves this area exclusively for itself. The petrochemicals sector is expanding at about 20 per cent a year at the moment.

Mexico has tremendous tourism potential, boosted by its proximity to the U.S. Since the devaluation of the peso the dollar goes a lot further in *Mexico. Unlike most Latin* American countries, Mexico is politically very stable, and there are vast areas of unspoiled coastline.

During 1975 and 1976 Alfa acquired controlling interest in Nylon de Mexico in association with Du Pont of the U.S., a controlling interest in Polioles (Petrochemicals) in association with West Germany's BASF and in 1977 in Fibras Quimicas, the market leader in synthetic fibres, in association with the Dutch chemical company Akzo.

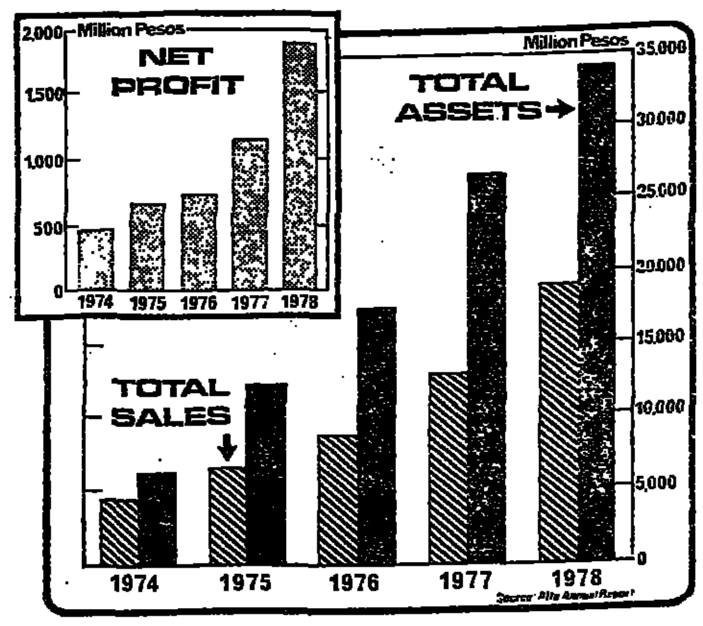
Alfa bought the Las Hadas hotel and 1,250 acres of pacific coastland to carry out a $200m tourist development plan.

In the field of electronics Alfa bought a 100 per cent share of Philco Mexicana from the Ford Motor Company for $83m, and in mining it formed an exploration company with the International Nickel Company of Canada.

In capital goods it teamed up with Hitachi of Japan to form Megatec *to make industrial sized* electric motors.

More recently Alfa has set up a joint venture with Ford for a plant to build aluminium motor heads. For the first time in Ford's history it will be the minority shareholder in a joint venture with Alfa holding 75 per cent of the 1.2bn pesos ($53m) investment.

The policy of diversification soon began to pay off. Steel sales declined from 81 per cent of total sales in 1974 to 52 per cent in 1977, when net profits increased 58 per cent on 1976.



Alfa has now become so big that last year its activities were *organised into three divisions:* steel, Alfa paper and packaging and Alfa industries division, which again is subdivided. There is also a *new* projects department where a team of highly trained economists study new areas. "It is not productive in the short term but in the long term *it is fundamental,*" said Mr. Morales Doria.

Hard work and the pursuit of excellence are ingrained into Alfa's executives, who tend more to resemble their U.S. counterparts than Mexican ones.

Bright students are sought out at the Monterrey Technological Institute, founded by Eugenio Garza Sada, and given the opportunity to work for Alfa, *which then pays for post*graduate education in the U.S. without insisting that its star talent returns to the flock. All do, however.

"We are gathering musketeers and not mercenaries," said one executive.

Most, but not all, of the top positions are held by Garza Sadas which tends to make for a tightly knit unit. "Talent is rewarded here," said one top executive, who is neither a Garza nor a Sada.

Unions have also played their part in Alfa's success. The influence of the Confederation of Mexican Workers (CTM), was long ago *eclipsed in Monterrey* where "independent" (plant) unions dominate the labour scene. They are called Sindicatos Blancos (white unions) by their critics who label them paternalistic—which in many ways, they are.

These unions stress that they are "*apolitical,*" *unlike other* independent unions in Mexico which are often Left-wing backed. Workers in the Monterrey unions are well treated and Alfa has never had a strike in any of its enterprises.

Alfa workers are paid about 20 per cent above the average *national wage for their respec*tive jobs. The hard working, non-politically involved Alfa worker enjoys many fringe benefits including free clinics, help over schooling for his children, and excellent recreational facilities.

After a bad patch under the *Echeverria* Government when relations between the private sector and the state were poor, Alfa now enjoys, according to an executive, "fantastic" relations with the Lopez Portillo administration with an open dialogue between the two sides.

The Mexican President once *called* Bernardo Garza Sada "the example of the modern Mexican industrialist," a compliment intended to make other industrialists sit up.

As the Mexican economy expands at a projected 10 per cent a year in the 1980s helped by the oil revenue, so there will be a *tremendous demand for techno*logy. Alfa is meeting this demand. For instance, when the *government awards the con*tract for the second expansion stage of the Sicartsa state steel mill, it may well opt for Hylsa's process which produces sponge iron by direct reduction of ores, rather *than import Japanese or* British technology.

"If left alone Mexico would just produce handicrafts," said one executive. "We have to expand." Expansion is Alfa's motto.

University studies effect of industry forecasting

AMID growing publicity about the "fallibility of forecasters," it takes courage for a business school to set up a new unit with "forecasting" in its title.

Bradford University's Management Centre is daring to do just that. It has just received a three-year grant from the *Foundation for Management* Education to develop sociopolitical forecasting for business, and hopes to build up a wider range of activity within the new unit, with the intimate co-operation of a limited number of selected companies.

Sceptical businessmen rest *assured: the "Bradford Group* for Forecasting and Policy Alternatives," as the new unit will be known, will be on the side of the angels. Rather than trying to refine forecasting *techniques* still further, the group intends to concentrate on the practical *application* of forecasting in industry. This is one of the reasons why it is seeking such close, two-way links with a carefully balanced number of companies (no more than 20), rather than following the mass-marketing techniques of packaged solutions that so many consultancies now offer.

To potential sponsors, who will each be asked to pay £2,000 a year (less than the annual cost of most company cars), the most fundamental question will *obviously* be: "*What does* Bradford mean by 'forecasting'?"

Brian Twiss, who runs some of the Management Centre's courses, and is one of the brains behind the project, stresses most emphatically that it does not mean just extrapolation of past trends*—the process that* has often masqueraded as the complete art of forecasting, bringing the latter into disrepute.

Nor, he says, does it mean forecasting years ahead to an impossibly exact number—the other cardinal, though popular, sin. "You must not believe any forecast," he warns. "All you can do is observe past trends, analyse all the variables, and produce a framework for deci*sion-making.*"

But the real problem comes in the application of the results of analysis to business decisions. All too often in the past, forecasters and planners have failed to carry senior management with them, so that their efforts have been in vain. One of the *reasons, says Twiss, is that they* have been too ambitious, failing to concentrate just on the really big issues, but applying their formulas and equations to far too many detailed questions.

The Bradford Group owes its birthright to the view of several economists and technology-minded planners—from industry, as well as consultancy and academics—that forecasting, and the wider area of "Futures," would be used *much more widely in industry* if they were approached in a generalist fashion, rather than in the pseudo-scientific way to which many businessmen have now become inured.

Early in 1978, with the encouragement of the Management Centre's Director, *Professor Chris Higgins,* Twiss began a year's market research in industry, aided by Ronald Brech, an economics consultant and visiting professor at Bradford.

Their initial suspicions were confirmed. There was indeed a gap, between, on the one hand, the development of forecasting techniques and long-term studies, and on the other their interpretation and application to each company's particular circumstances.

The research threw up a large number of projects for which there was demand, ranging from the relation of macro-economic variables to company practice, to the likely impact of microelectronics on particular industries and firms.

It was no surprise, in the light of many consultants' recent experience, that the one thing worrying companies above all else was social change—covering a wide range of related issues, from social acceptability of new technologies to government regulations.

With the help of a survey of British industry's practices and attitudes, carried out by Professor Higgins and a colleague, it was confirmed that techniques for gathering and analysing social information are relatively primitive. Not only that, but the information currently available does not have immediate relevance to the issues and problems facing companies.

It is into this extremely difficult area that the Bradford Group will be plunging this autumn, when the FME-funded project gets under way. Inevitably, unlike the rest of the work envisaged by the group, this will involve a considerable amount of work on the mechanisms of forecasting.

Christopher Lorenz

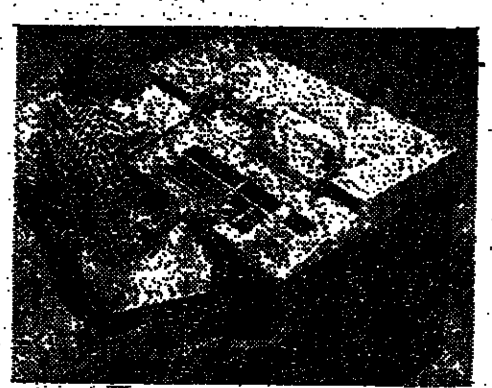
NEW ON PHILIPS' DATATRAIN: 3 MORE SYSTEMS THAT TALK YOUR LANGUAGE.

See them in action on Datatrain!

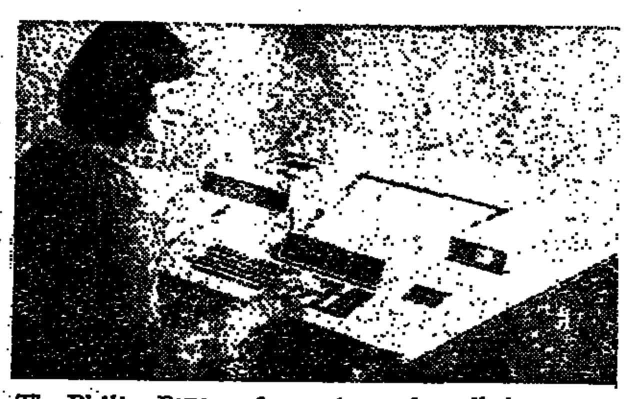
Datatrain is a specially-chartered eight-coach train equipped with a working exhibition of all Philips Data Systems' business efficiency products. Throughout June, it will be making a one-day visit to eighteen major centres as Philips Data Systems' mobile showroom. Visit Datatrain to see what today's computers can do for you!

The New Philips Bookkeeper is an ultra-low-cost business accounting system for the first-time user. It looks after all your accounting routines, with speed and accuracy, for less than the cost of a clerk.... and it also gives you the daily facts and figures you need to keep close control of your business. The Bookkeeper helps you save money and make money – see it in action on Datatrain!

Computers that talk your language.



The Philips Informa Series – 3 low-cost answers to the accounting problems of the smaller business.



The Philips P172 – a fast and user-friendly key-to-cassette off-line data preparation unit.

The Philips P312 – a flexible-disk computer system for small and medium-sized companies.

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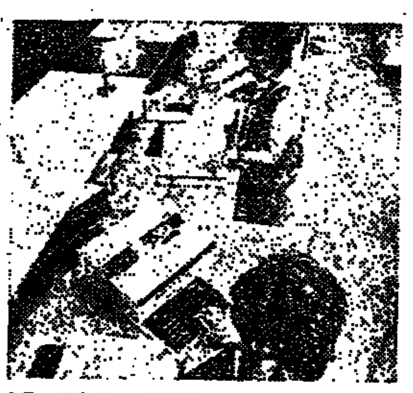
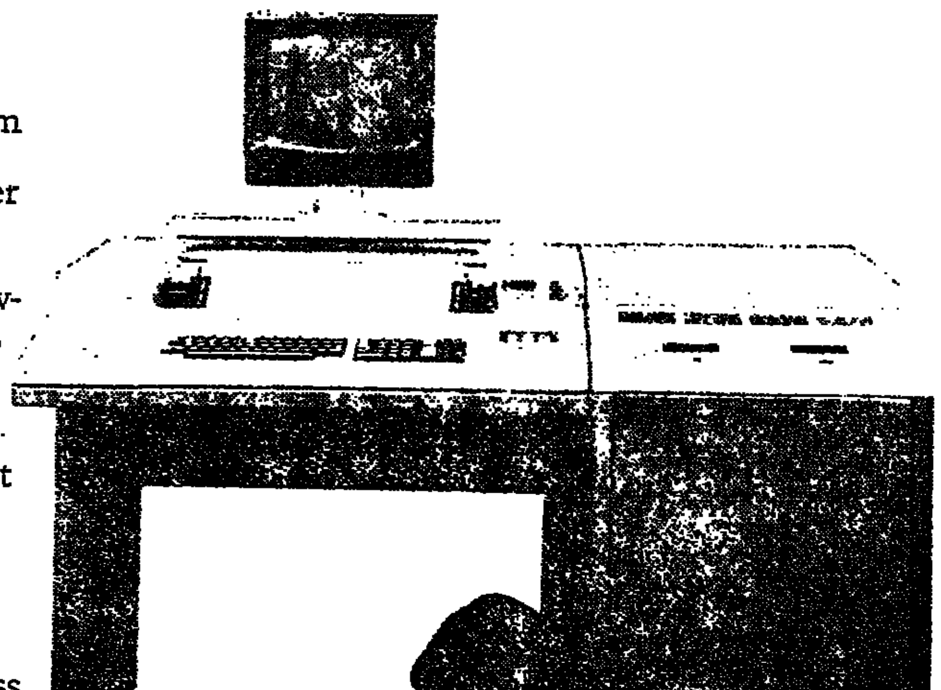


The Philips PTS 6000 Financial Terminal System – the world's leading terminal system for cash-receipting.



The New Philips P430 System is a highly-sophisticated, interactive business computer with a host of unique "user-friendly" features. The P430 comes with a full range of low-cost library program options, designed by Philips to slash the cost of software. The performance of this new top-of-the-range system must be seen to be appreciated – watch the P430 in action on Datatrain!

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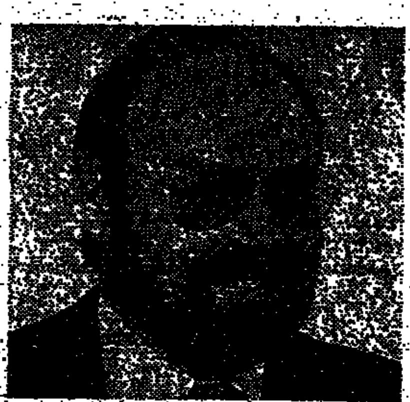
People who talk your language.



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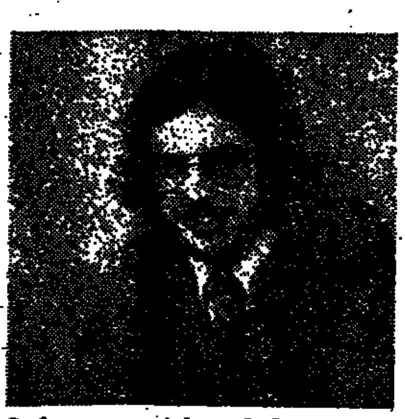

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THE PROPERTY MARKET BY MICHAEL CASSELL

Shares 'bull cycle' expected

A TEMPORARY set-back in what is confidently predicted to be a long-term "bull cycle" for property shares is on the way, according to brokers Vickers da Costa.

The firm suggests that the relative strength of property to other sectors will continue to edge ahead in the immediate future but that a period of comparative weakness is still likely a little later this year as the Government seeks to gain control of the economy, reigns in the money supply and confronts a general slow-down in Western economies.

Vickers' advice, however, is to stay with property and use any set-back to increase the sector weighting in order to take advantage of what is forecast to be a well above average market performance during the next major economic upswing likely in the early 1980s.

Vickers says that, in spite of the economic storm clouds, some conditions likely to favour property could be enhanced. It points out that capital investment—much of which is in property—tends to accelerate towards the end of an economic upturn and that, in view of the higher than expected budget deficit inherited by the Conservatives, the gilt-edged market could remain soft. At the same time, the property sector's dividend-paying potential looks stronger than companies in the industrial sector.

But although a "cautious" stance is advised in the medium-term, Vickers says the longer-term prospects are good. It emphasises that planned new developments are unlikely to have been completed before the next upswing, which should lead to a sharp rise in rents in the wake of space shortages.

The suggestion is that, with a Conservative government, the financial sectors and the faster growing portions of the economy are likely to be encouraged, stimulating further demand for office space and greater confidence.

Some might well have doubts that the emergence of the Conservatives with their declared policy towards property will provide the sector with an added bonus. Vickers acknowledges that there are misgivings—bearing in mind the 1970-73 boom—about the impact of a Conservative government, though most would agree that development should now be stimulated to some extent in a market already experiencing rising rent levels, firm yields and a high level of inquiries for space.

According to Vickers, the hoped-for reduction in Development Land Tax should provide positive benefits to developers like Percy Bilton, Great Portland Estates and Property Security Investment Trust.

All the indications are that institutional investment in property will continue to fluorish although the shortage of available properties means that development projects are likely to take a growing share of funds. Vickers claims that while purchases are still being restricted to well-sited buildings, short leaseholds or buildings let on particularly long leases are finding favour, which has led to a marked increase in values for this type of property. Scarcity of supply generally, it adds, still makes property the most expensive of the investment media.

On rents, the view is of stronger and longer than originally anticipated growth. The firm foresees a 1979 increase of 20 per cent in prime City rents and expects average rent for central London, suburban office space and industrial space in the South East and Midlands to rise by between 15 per cent and 20 per cent in the current year.

In a review of the industrial property sector, Vickers suggests that rents are unlikely to keep pace with those in the space-starved office market over the next year to 18 month

But it does believe that, given the hardening supply position and an expanding demand for warehouse space, industrial rents should continue to rise—by up to 22 per cent before 1980 is out—compared to the 23 per cent average increase recorded since November 1977.

● **Lloyds of London will unveil plans for its new underwriting room at 12 Leadenhall Street today. An office development permit has been received and planning permission is being sought from London Corporation. The scheme, to be housed in the old Royal Mail Steamship Company building, is to be financed by Lloyds.**

● **Prudential Assurance has bought the Guys Estate in Herefordshire for an undisclosed sum—probably the biggest agricultural investment to change hands in the UK. The estate was sold by Sir Charles Clore and comprises more than 16,000 acres. Knight Frank and Rutley represented Sir Charles and Savills acted for the Pru.**

● **Abbey Property Fund has sold the freehold of 76-77 Newman Street, London W1, to a Great Portland Estates subsidiary for about £1.4m. The 16,600 sq ft building is let to British Transport Advertising. Robert Irving and Burns represented Great Portland.**

● **Sun Life Assurance has paid £430,000 for a shop in Church Street, Blackpool, giving a net return of just less than 4¼ per cent. The unit has been let to Evans (Outsizes) on a 20-year lease at an initial £20,000 a year. Hammond Phillips acted for vendor, and Stead and Simpson and Jones Lang Wootton for purchaser.**

Schroder looks to Europe

ROY COOMBES, surveyor for the fast-expanding Schroder Property Fund, says he cannot remember a timein the last 20 years when good investments were so hard to find or a period in which so much institutional money was floating about trying to find a good home.

Mr. Coombes believes the position is unlikely to improve in the foreseeable future, with many current developments underway pre-funded and not due to comeon the market.

Almost inevitably, the Fund — started in 1971 and now valued at £53m—is casting an eye further afield and has beeen having a close look at possibilities in Europe, although no decision has been taken.

Schroder has been successful in reducing back what was an uncomfortabl yhigh proportion (up to 10 per cent) of unlet space. Now it has just one half-floor empty in Coventry's Reform Club.

This week's half-yearly report from the fund shows the proportion of shop property has doubled to nearly a quarter of the portfolio and that it is now highly reversionary, with more than 80 per cent of total rental income reviewable within the next five years.

Land Securities broken up?

LAND SECURITIES Investment Trust, the UK's largest property group, could find itself broken up over the next few years, say stockbrokers Joseph Sebag, in a report published today.

Sebag, in its 1979 Property Share Guide, says that there is a real possibility that Land Securities will be split "either between the institutions or perhaps even as separate quoted companies."

The report, coming just two days after Land Securities announced a 43 per cent jump in the value of its property portfolio to almost £1.2bn, raises serious doubts over the group's capability to maintain its predominant position in the property market.

It is highly critical of Land Securities' cautious management approach and claims that the group is doing little itself to improve the value of its portfolio—which is limited to UK properties and heavily weighted towards Central London.

Sebag says that 55 per cent of Central London properties were built before 1960 and unless a fairly active development programme is started the group will not achieve top rents. Also some post-1960 properties are in need of substantial refurbishment.

Lord Samuel has dominated the group's management since he acquired the company—then owning just three houses in Kensington—in 1944. However, he is now 67 and there is a major question mark over his successor.

In addition, the group has last several key management figures in recent years including Louis Freedman and Freddie Maynard, who jointly ran the Ravenseft arm of Land Securities.

Sebag says: "The loss of several of the top management both already and prospectively must make it even more difficult to realise the full potential of the portfolio largely because of its sheer size."

However, Sebag has little enthusiasm for Land Securities: "We believe that the group is now just too large to manage dynamically and consider that management's philosophy is to put safety before entrepreneurial gain. This was a satisfactory policy during the slump but does not really match the present property climate."

New innings for Edgbaston market

EDGBASTON, where batting averages have consistently outpaced office rents over the past five years, may now be on the point of regaining some of its long-lost respectability.

The area, a mile from Birmingham's city centre, has been bedevilled since the 1973 property collapse by too many empty offices and too few customers wanting to fill them. But there are signs of interest returning. A number of significant deals are in the offing. The most important of these involve Law Land's Tricorn House and MEPC's Broadway

Negotiations in both cases are at an advanced stage and if the deals go through in the next six weeks or so—as seems likely—then Edgbaston's bank of available new office space will be cut from about 320,000 sq ft to under 200,000 sq ft and could be below 100,000 sq ft by the year end.

Broadway was completed in spring 1977 but so far less than a third of its 162,000 sq ft has been let. However, MEPC is hopeful that it will shortly be able to let a further 100,000 sq ft—leaving 12,000 sq ft to dispose of.

Grimley and Son, agents for Broadway, report that a number of prospective tenants are involved but the largest of these is thought to be the Horizon travel group, which is reported to be seeking 80,000 sq ft at Broadway. The asking rent is £2.25 a sq ft compared with £2.95 when the building first came on the market.

Tricorn House, completed in 1975, still has around half of its 150,000 sq ft unlet but this is all expected to go shortly.

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Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Bradford (0274 29577)	11½	yearly	500	6
Burnley (0282 25011)	12	½-year	500	6-7
Bury (061 764 6000)	10½	½-year	1,000	3-5
Bury (061 764 6000)	11½	½-year	1,000	6-7
Knowsley (051 548 6555)	11¾	½-year	1,000	5-7
Redbridge (01-478 3020)	11	½-year	200	4-5
Redbridge (01-478 3020)	11½	½-year	200	6-7
Wrekin (0952 505051)	12	maturity	1,000	2-3

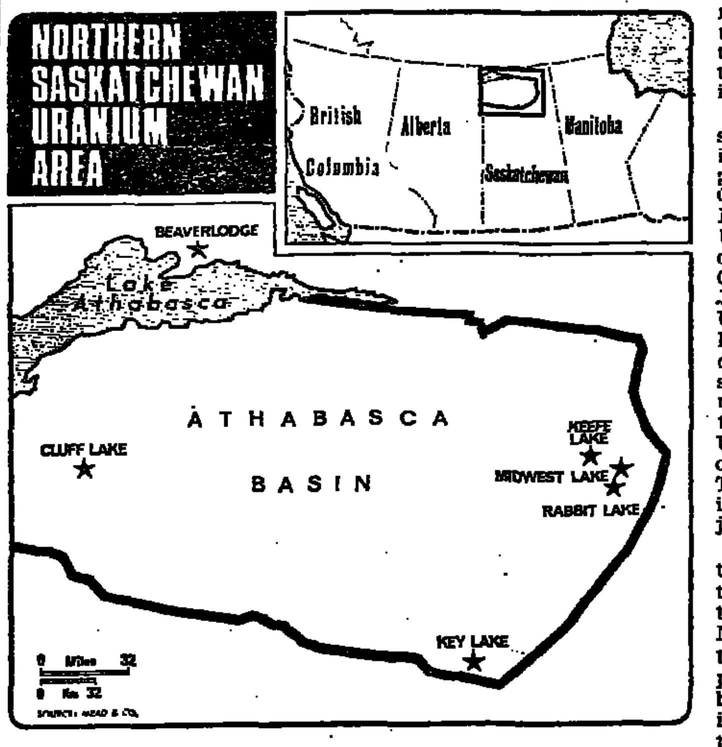
FOOD PRICE MOVEMENTS

	May 31	Week ago	Month ago
	£	£	£
BACON			
Danish A.1 per ton	1.150	1.150	1.120
British A.1 per ton	1,065	1,065	1,065
Ulster A.1 per ton¶	1,065	1,065	1,065
BUTTER			
NZ per 20 kg	14.22/14.37	14.11/14.24	14.11/14.24
English per cwt†	81.65	81.65/82.07	81.65
Danish salted per cwt†	85.10/87.85	85.10/87.85	85.10/87.85
CHEESE¶			
NZ per tonne	—	—	—
English cheddar trad. per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	—	2.90/3.20	2.80/3.10
Size 2	—	3.40/3.60	3.15/3.30
	May 31	**Week ago**	**Month ago**
	p	p	p
BEEF			
Scottish killed sides ex-KKCF	59.0/63.0	58.0/62.0	57.0/60.0
Eire forequarters	41.0/43.0	—	37.0/40.0
LAMB			
English	82.0/96.0	78.0/90.0	—
NZ PLs/PMs	*51.0/52.5*	*51.0/52.0*	*48.5/50.0*
PORK			
All weights	34.0/44.0	34.0/45.0	33.0/45.0
POULTRY			
Oven-ready chickens	41.5/43.5	40.0/43.0	38.5/42.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery June 3-10.

ENERGY REVIEW: CANADA — BY PAUL CHEESERIGHT

A bonanza with reservations



"IF WE DON'T 'provide it,'" said Mr. Jack Messer, the Saskatchewan Minister of Mineral Resources, of his provinces uranium, "you're going to get some banana-state government supplying it that doesn't have a non-proliferation agreement."

This was an earnest of the provincial Government's intention to encourage the rapid development of an increasingly rich uranium resource for a market which looks as if it will be tight for the next decade. In fact, the main competition for a slice of that market will probably come from Australia.

Both Saskatchewan and Australia have uranium discoveries of great importance. Both have so far only minor production. Both expects to be prominent in the international market from the mid-1980s onwards. But the richer grade deposits are in Saskatchewan.

As an indication of Saskatchewan's potential, commented Mead and Co., the Toronto and London brokers, "discoveries mde in the province have an average grade of 30 lbs per ton, compared to a world average commercial deposits of 3 lbs per ton. Even the important discoveries of the Northern Territory of Australia only grade around 8 lbs per ton."

The centre of interest is the Athabasca Basin in the north of the province. Uranium was found there 30 years ago and Eldorado Nuclear, the Canadian state agency, started the *Beaverlodge* mine, near Uranium City, in 1953. But the latest excitement dates only from 1975, set off by a discovery at Key Lake, on the edge of the Basin.

A new element was introduced in 1977 when Esso Minerals Canada, operators of a joint venture involving Numac Oil and Gas and Bow Valley Industries, found uranium at Midwest Lake.

"The reason for the excitement," said Dr. O. J. C. Runnalls of the federal Department of Energy, Mines and Resources, "was that this discovery was some way from the edge of the Athabasca Sandstone. The earlier discoveries in 1975 and 1976 were made along or near the edge of this sandstone deposit, which is roughly 200 miles in diameter and some 700 miles in circumference."

The demonstration that uranium was not concentrated around the edge of the Basin, but could be underneath all the sandstone, provided a firmer base for the intense stock market interest in the exploration companies active around the region. It was also a fillip to the growing international interest.

The Saskatchewan uranium search has indeed been an international effort. European power utilities like Britain's Central Electricity Generating Board, Empressa Nacional del Uranio of Spain and Electrowatt of Switzerland are part of the Conwest Uranium Exploration Joint Venture. Mokta, Pechiney Ugine Kuhlman, Compagnie Francaise de Minerais d'Uranium and the Commissariat a l'Energie Atomique make up the French consortium, Amok, at Cluff Lake. Uranerz and Urangesellschaft of West Germany are active. The U.S. oil companies are involved individually and in joint ventures.

At the same time, however, there is a strong Canadian participation and particularly, through the Saskatchewan Mining Development Corporation (SMDC), a strong official provincial presence. SMDC has been building up its uranium interests, in a not dissimilar way to the British National Oil Corporation in the North Sea.

Anti-nuclear

Mining companies have often been slow to come to terms with official involvement in the sector, but there is another side to the coin, and Mr. Messer argued in a recent speech that the Government's partial ownership of uranium projects gave the private companies greater security against political attacks. What he was thinking of was not the threat of takeover but opposition to uranium development from the anti-nuclear lobby.

Equally, Mr. Messer contended, the province's financial stake was a safeguard against restrictive laws. "We're expending upwards of $100m a year in uranium development. It's not something you can take lightly," he said.

The stakes are high and will becomes higher still after 1985 as more mines come to production. At present, output is confined to Beaverlodge where 1.28m lbs of uranium oxide were produced last year, the Cinch mine owned by Cenex, a small re-activated operation which will help to feed the Beaverlodge complex, and Rabbit Lake. This last is a joint venture between Gulf Mineral Resources, the Gulf Oil subsidiary, and Uranerz. Production was 5.5m lbs last year.

All of this represents less than half the total Canadian production and will be overshadowed by moves towards development at three other projects. Amok should bring Cluff Lake on stream within the next two years at an annual production capacity of 4m lbs. At Key Lake a consortium made up of Eldorado, SMDC and Uranerz *could start production* by 1983 at an annual rate of 2.5m lbs. A year later the joint venture led by Esso Minerals proposes to bring Midwest Lake on stream. No precise production *target has yet been announced.*

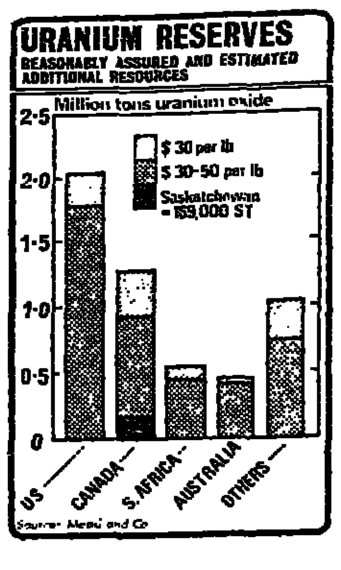
This capacity will be swollen by the expansion underway at Beaverlodge and planned by the Rabbit Lake partners at nearby Collins Bay. At the same time *there are other deposits*, which show promise but have not yet been investigated with sufficient thoroughness to permit development decisions.

The Eldorado-SMDC-Uranerz *consortium has a deposit* at Maurice Bay while Asamera Oil Corporation is the operator for a joint venture, involving SMDC, Kelvin Energy and Reserve Oil and Minerals, which *has found uranium mineralisation* best described as "intriguing" at Keefe Lake-Henday Lake. Assay results have revealed grades as widely varied as 2.6 lbs per ton of ore *and a colossal 340 lbs per ton.* Last month Canadian Occidental Petroleum and Inco Metals announced another potentially significant discovery nine miles to the east of Midwest Lake.

Whether all this uranium will find its way to the market over the next, say, 15 years is open to doubt. As Mr. Robert Pfister, the president of Esso Minerals Canada, tersely told a recent Financial Post conference: "Development timing is dependent on markets for the uranium. These must be arranged prior to major capital *commitments.*"

Although Canadian government regulations specify that all uranium ventures must reserve enough material to meet the demands of domestic reactors—*those already in operation or* likely to be so in the next 10 years—it is already clear that the domestic market is over-full and that the financial viability of the new Saskatchewan operations depends on export sales.

For the rest of this century the great part of the Canadian



nuclear power programme will be in Ontario, and even this has been scaled down. The provincial utility, Ontario Hydro, has in any case already signed long-*term contracts with* Denison Mines and Preston Mines, two Ontario producers.

This is likely to satisfy demands until the 1990s at the earliest. "It will be difficult, *if not impossible, for Canada's* uranium producers to find domestic customers requiring sizeable quantities of uranium oover the next two decades," commented Mr. Peter Mueller *of the Ontario Royal* Commission on Electric Power Planning.

Not that this situation is unusual. Canada in 1977 exported over 90 per cent of its uranium oxide production. But the *immediate prospects for* Saskatchewan uranium are not very bright anyway. It seems likely that the producers will have to go out and find the consumers rather than wait for them to come *and ask for* material.

Reduced demand

The exploration activity in Saskatchewan is part of a wider process which has led to considerable increases in international uranium reserves. But while the raw material reserves have been growing, the forecasts of future nuclear capacity have been progressively scaled down. "This has largely been the result of reduced energy demand growth resulting from the 1973 oil prices, and a stretched regulatory process," said Mr. Pfister.

This has led him—and others—to conclude that "while there is a considerable degree of uncertainty associated with the forecasts, a significant potential supply capability surplus appears assured through the 1980s." The consolation for the future Saskatchewan producers is, as Mr. Pfister noted, that "many utilities have not made long-term contracts for their requirements and a large part of the free world demand from the mid-1980s is uncommitted."

The ability of Saskatchewan to compete in this situation depends to a very large extent on internal factors. The province starts with the immense advantage of high grades and *the fact that the* deposits are relatively easy to mine, thus holding back operating costs. "While deposits occur at depth on the Lake Athabasca side of the Basin, with *the exception of* Midwest Lake none of the deposits discovered on the south east rim are more than 500 feet deep. In contrast, the Elliot Lake deposits in Ontario (source of most present Canadian output), with an average grade one fifteenth that of the Athabasca Basin lie 1,000-1,500 feet below the surface," said Mead and Co.

The Saskatchewan Government, formed by the New Democratic Party of moderate social democrats, is well aware of these advantages, but there is a provincial election later this year and *political opposition against* uranium developments has received considerable publicity. For the moment the environmental criteria for mine development seem to have been settled by the Bayda Board of Enquiry into Cluff Lake which recommended exploitation of the deposit subject to carefully defined conditions. But each mine proposal could be the subject of further enquiry and it seems certain that the current climate of opinion will ensure that the mining companies will not be able to reduce costs by lowering standards.

Even so, Saskatchewan capital and operating costs, in the view of Mead and Co., could be as low as $10 a pound of uranium oxide, which will at least be on a par with *the Northern Territory* of Australia and could be bettered only by the South African producers for whom uranium is a by-product of gold. But within the American continent the Saskatchewan producers "will be the most competitive."

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W. C. WARRINER
Secretary.
1 June, 1979.

REGISTERED OFFICE:	SOUTH AFRICAN REGISTRARS:	UNITED KINGDOM REGISTRAR:
Barlow Park, Katherine Street, SANDTON, 2196 (P.O. Box 78-2248, Sandton, 2146).	Rand Registrars Limited 2nd Floor, Devonshire House, 29 Jorissen Street, BRAAMFONTEIN, Johannesburg, 2001 (P.O. Box 31719, BRAAMFONTEIN 2017).	Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, WORTHING, West Sussex, BN12 6DA, England.

HISPANO FUND

For the information of Unit Holders:—

In the United Kingdom Coupon Number 13 is now payable on presentation to the London Paying Agents, Charterhouse Japhet Limited. A distribution of U.S.$0.71 is due as from the 31st May 1979 and will be paid less United Kingdom Tax at the standard rate.

U.K. Issuing and Paying Agents:—

Charterhouse Japhet Limited
1 Paternoster Row, St. Paul's, London EC4M 7DH.

CIMENTS LAFARGE

7½% 1972/1987 — FF 100.000.000

Notice is hereby given to bondholders of the above-mentioned loan that the amount redeemable on July 1st, 1979, i.e. FF 5,000,000 was bought in the market.
Amount outstanding: FF 80,000,000.

THE TRUSTEE
FINIMTRUST S.A.

Luxembourg, June 1st, 1979.

PORTO ALEGRE (CITY OF)
STATE OF RIO GRANDE DO SUL

5% (NOW 1⅝%) GOLD BONDS PLAN "A"

On the 9th May 1979 the Plan "A" Bonds listed below were drawn for redemption in the presence of a Notary Public. The Drawn Bonds should be presented to the Paying Agent named below, from whom listing forms can be obtained, for redemption at par on the 20th June 1979 with coupon No. 140 attached. Bonds will be received on any business day and must be left three clear days for examination.

BONDS OF £100 NOMINAL

91	1208	3238	5058
92	1779	4179	5559
581	2407	4291	5658
584	2685	4584	5671
992	2686	4738	
1062	2899	5055	

BARCLAYS BANK LIMITED
Securities Services Department
54 Lombard Street, London EC3P 3AH

The Industrial Bank of Japan Finance Company N.V.

U.S. $50,000,000

Guaranteed Floating Rate Notes Due 1985

In accordance with the provisions of the Reference Agency Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank, N.A., dated November 28, 1978, notice is hereby given that the Rate of Interest has been fixed at 10 11/16% p.a., and that the interest payable on the relevant Interest Payment Date, December 3, 1979 against Coupon No. 2 will be U.S.$56.21 and has been computed on the actual number of days elapsed (185) divided by 360.

June 1, 1979
By: Citibank, N.A., London, Refrence Agent — CITIBANK

STEWARTS AND LLOYDS OF SOUTH AFRICA LIMITED

PREFERENCE DIVIDEND

CASSA PER IL MEZZOGIORNO

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group
PAYMENT OF COUPON NO. 80

With reference to the company's interim report and dividend notice advertised in the press on 11th May, 1979, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 29th May, 1979.

Payment will be made against coupon No. 80 on or after 4th July, 1979, in U.K. currency at the London Bearer Reception Office Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ, or in French currency at Credit Lyonnais, 19, Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident *shareholders' tax will be deducted* at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deductions are made the net amount of the dividend is as follows:—

	South African Currency Per Share Cents	U.K. Currency Equivalent Per Share Pence
Amount of dividend declared	42	24.24389
Less: South African non-resident Shareholders' tax at 15%	6.30	3.63658
	35.70	20.60731
Less: U.K. Income tax at 18%		4.36390
		16.24341

Secretaries of the Company in the United Kingdom:
Charter Consolidated Limited,
40, Holborn Viaduct,
London EC1P 1AJ.
31st May, 1979.

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:—
Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18%, instead of at the basic rate of 33%, represents an allowance of credit at the rate of 15%.

JARDINE, MATHESON & CO., LIMITED

HK$500,000,000 7¼% CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1990

NOTICE IS HEREBY GIVEN that the register of holders of the 7¼ per cent Convertible Subordinated Unsecured Loan Stock 1990 ("Loan Stock") will be closed from 17th June to 30th June, 1979 (both dates inclusive) to establish the identity of those loan stockholders entitled to the

I.U. OVERSEAS FINANCE N.V.

ASSOCIATED MUNICIPALITIES OF DENMARK

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967

THE COMPANIES ACTS 1948 TO 1976

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

HAMPSHIRE COUNTY COUNCIL

COMPANY NOTICES

BRASCAN LIMITED
(Incorporated under the laws of Canada)

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Send a gift of delicious farmhouse

BLUE CHESHIRE CHEESE

direct from the farm

PRICES
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2 lbs.	£3.47
5 lbs.	£6.96
10 lbs.	£12.62

Whole Cheese (avg. wt. 19 lbs.) @ £1.22 per lb.

Alkington Cheese Supplies
Bank Buildings, Whitchurch, Salop.
Tel: Whitchurch 2260.

ANNOUNCEMENTS

INFORMATION FOR SWEDISH MOTHERS
The Swedish Nationality Law has been changed as from 1 July, 1979, as follows:
The child of a Swedish mother acquires always Swedish nationality at birth.
The possibility exists for children of foreign nationality born to Swedish mothers during the period 2 July, 1961-30 June, 1979, to acquire Swedish citizenship, if the Swedish mother makes an application to that effect before 1 July, 1982, and before the child has reached to age of 18.
For further information write to the Swedish Embassy, 23, North Row, London W1R 2DN

APPEALS

Not all today's war veterans are old soldiers

Many of the young servicemen killed in Northern Ireland leave widows and *orphans behind.* Those that are disabled may never be able to work again. The annual Poppy Appeal alone cannot pay for their food, fuel and homes. *Please* send donations to: The Royal British Legion Appeals Department, Maidstone, Kent ME20 7NX.

TRAVEL

GENEVA. Basle, Zurich & Berne, widest range of cheap flights from 4 UK airports. Brochure CPT LTD, 01-351 2191. Telex 919078. ATOL 369B.

ART GALLERIES

BLOND FINE ART, 33, Sackville St, W.1. 437 1230. BRITISH LANDSCAPE PAINTINGS 1900-60 — Allinson, Bomberg, Grant, Hitchens, Meninsky, Morris, Nash, Seabrooke and White. Also CHRISTOPHER WOOD—Drawings. Until 9 June.

FINE ART SOCIETY, 148, New Bond St, W.1. 01-629 5116. HENRY & HORNEEL in Japan 1893.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Sq., W.1. 499 9493-4. Important exhibition of the French late Impressionist painter Marcel Vertes, including oils, watercolours, drawings and lithographs.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS Weekdays 10-5. Sats. 10-1. At 30, Bruton Street, London, W.1. Tel 01-493 1572.

LUMLEY CAZALET, 24, Davies St., W.1. 01-499 5050. AKIRA KUROSAKI—Recent Woodcuts. Until 27 July.

MALL GALLERIES, The Mall, S.W.1. Society of Graphic Artists. Mon.-Fri. 10-5. Sats. 10-1. Until June 15. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. SIDNEY NOLAN. Selected works and new graphics. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings including Blanchard, Chetlous, Deschamps, Dellio, Grosot, Herve, Jacoli, Pesset, Robin, etc. and fine modern British marine paintings and watercolours.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL-PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £2,000. For further details phone 01-839 4274-5.

PARKIN GALLERY, 11, Motcomb Street, S.W.1. 01-235 8144. BRITISH ART 1890-1940 Spring Exhibition of Paintings, Watercolours and Drawings.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. LESLIE PROTHERO. Until 15 June.

هكذا من الأصل

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The experts at our conference bureau will be only too happy to answer all your queries.

4 Would a few days away from the office help us solve our problems? ☐
They might. British Airways Thinkaway packages have been designed to provide just the right, relaxed atmosphere to crack the toughest nuts.

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6 Do I need a really effective travel incentive programme? ☐
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7 How do I know my hotel will be up to standard? ☐
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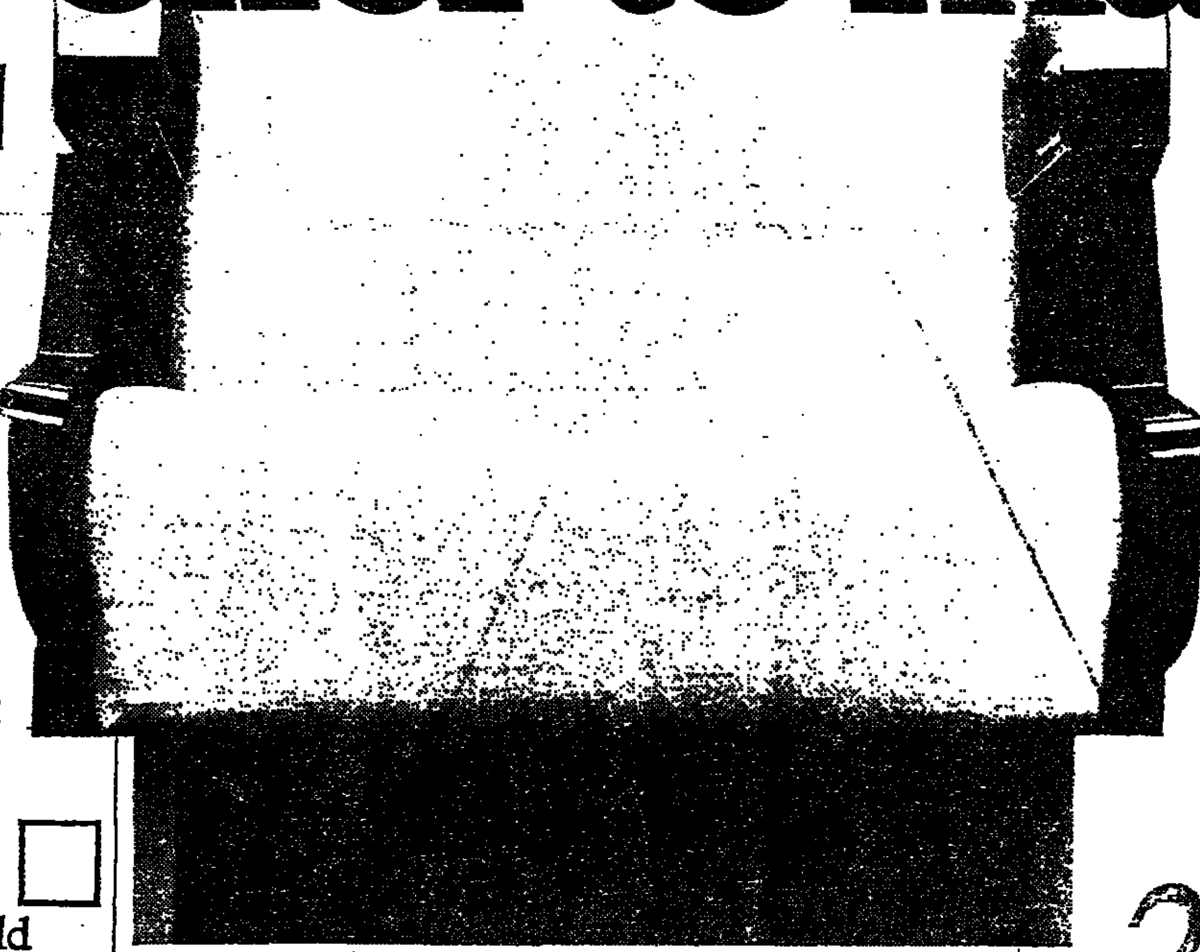
8 Could I afford to take my other half with me? ☐
If you're paying the full economy fare to most places in Europe, your better half can travel with you on a Spouse Fare for half the normal ticket. And you can both enjoy two-for-the-price-of-one accommodation in certain British Airways Associate Hotels.

9 Am I getting the most out of my full economy ticket to the States? ☐
If you're flying British Airways Club Class, the answer's yes. Free drinks, free in-flight entertainment and an authentic Tudor menu as part of the Elizabethan service.

10 Where's the best place to get work done during the flight? ☐
In our executive cabin. You'll find it available to passengers paying the normal economy fare on virtually all our 747 flights (except USA where Club Class is offered).

11 Would I be better off buying my ticket on credit? ☐
Only your accountant knows but if you are, we offer you the choice of Air Travel Plan card, credit travel orders, Timesaver Tickets, monthly credit accounts and leading credit cards.



12 Have I got an address abroad people can send messages to? ☐
If you haven't, we have a special arrangement with World-Wide Business Centres whereby you can have messages sent to key cities and held for your arrival, free of charge.

13 How can I ensure that the group I'm travelling with get speedy check in service? ☐
If you're a sizeable group flying from Heathrow, why not meet in the comfort of an airport hotel and then take advantage of group check-in facilities through Airport Assistance on Colnbrook 2682.

14 Do I need a car waiting for me when I arrive? ☐
If you do, simply tell us when you book your ticket and we'll make the necessary arrangements.

15 Where can I get vaccinations done quickly? ☐
Pop along to our medical unit at Victoria Air Terminal and they'll do the necessary. Fast and without fuss.

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17 Who can help me if I need to get seamen around the world fast? ☐
Talk to our International Marine Unit. They specialise in getting seamen to and from their ships anywhere in the world.

18 Should I stay at a Hilton in North America? ☐
If you're flying to the US or Canada it could be well worthwhile as Hilton offer special rates to British Airways passengers resident in the UK and the Republic of Ireland.

19 Is Shuttle more convenient? ☐
Yes, if you're going to Glasgow Edinburgh or Belfast—no need to book.

20 Will I need business cards in the local language? ☐
If you're going to Japan or an Arab country they're essential. We can provide both for you at a moderate charge.

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Concorde costs approximately 15%–20% more than our first class fare and can cut your journey time by up to a half.

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LOMBARD

An opportunity for Mr. Walker

BY CHRISTOPHER PARKES

THE NOTION of reform of the Common Agricultural Policy is almost as old as the CAP itself. But as everyone knows, not enough has been done to hog-tie this behemoth which has dragged the Community to the brink of bankruptcy. It gobbles up three-quarters of the EEC budget, and 80 per cent of its spending goes on subsidising the disposal of surpluses—overseas, in cold stores, and down the throats of surplus animals tended by surplus farmers. Considering that the condition of the policy is well-known to the Ministers in the council, it is surprising that they themselves have produced so few sound ideas which might help resolve its difficulties.

Milk surplus

As things stand, the Ministers seem content to leave all the constructive thinking to the Commission, contenting themselves in the main with trying to make the bureaucrats' proposals politically acceptable.

Conventional wisdom in Brussels and among economists and academics has it that if the milk surplus can be mopped up then all the other surplus problems of the Nine will assume their proper and relatively insignificant proportions in the eyes of politicians and public alike, and the cost of the CAP will fall dramatically.

The brutish tactics of Mr John Silkin, who advocated the simplistic "starve 'em out" policy of a continuing price freeze, apparently without any constructive thought for what was to be done about the farmers squeezed out of milk by the combination of frozen prices and the erosive effects of inflation on real incomes, are not acceptable without some form of safety net to protect the farmers worst hit. He was, however, on the right track. All opinions agree that the mountains have to be tackled through price restraint. Last week a leading British economist suggested to me that a 15-year "gentle" squeeze with some marginal allowances for inflation, would do the trick. Rinse Zijlstra of the Dutch dairy federation, on the other hand, said that the 25 per cent reduction in real prices for milk needed to cut output to manageable levels could not be considered because of political objections.

Of course, no Continental council member in his right mind would risk his political neck by openly advocating such an unrefined approach as Mr Silkin's. He has always to think of the next general election in his home country. The Commissioners, too, are conscious of the four-yearly struggle they go through to seek renomination to their prestigious and highly lucrative jobs in Brussels. Their present terms expire at the end of 1980.

Next spring the 13 Commissioners will be starting their campaigns to keep their places in Brussels. They cannot realisticaly be expected to present the necessary tough proposals which would surely rouse the forces of opposition against them in their native countries.

Mr. Peter Walker, the new British Minister of Agriculture, is in the relatively happy position of having the prospect of a full five-year stretch in front of him. He might find considerable advantage in taking the initiative since the milk surplus lies at the very heart of the budgetary imbalances which so preoccupy his senior cabinet colleagues.

There is a great wealth of academic and political knowhow in the Community which has never been harnessed, mainly because of short-term political reasons and logistical problems. But since nothing has slowed the growth of dairy surpluses in the Nine since the phenomenon first dawned on the Commission in the early 1970s, and since Brussels bureaucrats and national civil servants are growing hopelessly frustrated, now could be the time for a new intake of ideas from the Community's untapped resources of brainpower.

Uneducated

Brainstorming sessions and think-tanks may be unfashionable, but since the existing planners appear to be bankrupt of new ideas, it might help if there were someone willing to attempt to draw together the threads and thoughts from the unheeded fringes of the Community's political, academic and economic life.

Who better to make such a bid than the new, Community-minded British minister, relatively uneducated in the ways of Community horse-trading, freshly back from the political fringes on the Opposition back benches?

AROUND BRITAIN

ASSAY OFFICES

Eight centuries of consumer protection

BY PETER CARTWRIGHT

AMONG THE 27m articles of precious metal offered to the four assay offices in Britain each year, one can usually find the odd treasured brooch or pendant that tells of hours of devoted work at night school by a member of the Women's Institute or Townswomen's Guild. The hallmarking sets the seal on all those endeavours and no doubt the article is worn with just that much more pride than the shop-bought article.

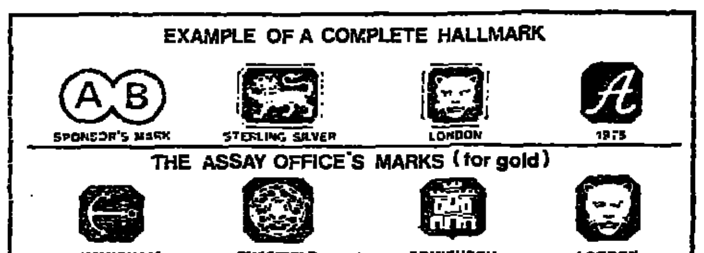
A complete hallmark consists of four individual marks and it is the first of these, indicating the maker's initials, that is highly prized by the individual. This is followed by a standard mark, the assay office mark and the date letter, which alters every New Year's day. These marks have helped collectors and others to identify items of gold and silver over the centuries.

Of the four individual assay office marks, London has a fierce-looking leopard's head. Hallmarking in the capital has been carried out since the end of the 12th century. There is a seemingly most inappropriate anchor for Birmingham, which is just about as far from the sea as one can get. Sheffield had a crown until an Act of Parliament changed it to a Tudor rose in January, 1975, when the crown became a standard mark for gold. The crown and anchor were taken, it is said, from the name of a pub in the Strand where the respective assay masters repaired to discuss matters when Birmingham and Sheffield assay offices were incorporated by Act of Parliament of 1773.

Edinburgh, the fourth of the assay offices, has a most appropriate castle. Marks struck at the Dublin assay office before April 1, 1923, are recognised as approved British hallmarks. Since then, articles from Eire have been treated as any other imported article. Special commemorative marks may be added to those normally used, the most recent instance being the striking of a replica of the Queen's head on every article hallmarked in 1977 to commemorate the silver jubilee.

In times gone by there used to be several other assay offices—at Chester, Newcastle, Exeter and Glasgow, for example. But lack of work as local crafts withered away put them out of action. Not that the work of assay offices is confined to even regional limits. Goldsmith's Hall in London last year dealt with 4m imported articles out of its 14m total. There and at other assay offices the volume of imported ware is rapidly increasing. Assay offices are non-profit making and rely exclusively on charges for assaying to pay their considerable operating costs.

While London and Edinburgh were incorporated by Royal Charter—London in 1327 and Edinburgh in 1687 (though it had been marking since the early 1500s—the two others, Birmingham and Sheffield, were brought into existence by Act of Parliament in 1773. London and Birmingham are the two biggest, employing 220-230 each—some of them part-timers—in strict security conditions.



The four offices are linked through the joint committee of the assay offices of Great Britain, and if anyone feels aggrieved at how they are being run he can appeal to the British council of hallmarking, on which sit representatives from the assay offices as well as appointees of the Secretary of State, including experts in consumer protection.

Assaying is the oldest form of consumer protection, dating back to the end of the 12th century when the goldsmiths' guild stamped gold and sterling silver in accordance with the prevailing laws. The tests then carried out at the guild hall (hallmarking) on wares submitted by gold and silver smiths were very like those of today.

Gold is still assayed essentially as it was by the ancient Egyptians. Minute scrapings are taken from the gold article and weighed on an ultra-sensitive balance. The alloying metals then have to be removed. This is done by wrapping the scrapings in lead foil, placing them in a cupel (shallow dish) and putting them into a furnace. In about *half* an hour the lead and base metals oxidise to leave a small bead of gold and silver. This is boiled in nitric acid to dissolve the silver, after which the weight of the pure gold remaining is compared with the first weight and the standard—perhaps 14 carat—assessed so that if it conforms to that standard of fineness it can be hallmarked.

Sterling silver, which has a 92.5 per cent pure silver content, is assayed differently, again with the use of nitric acid. At the end of the process a clear, slightly amber coloured liquid is left. If on comparison with a standard sample it is the same colour it passes the test, but a darker colour means rejection. In 1975 platinum was brought within the hallmarking scope and is assayed by atomic absorption spectrometry.

While the UK is not the only country to have an assaying organisation, it is the most influential. In many other countries the only marks used on precious metal articles are those of the manufacturer and therefore lack the independent certification of British assay offices. Unless they carry this, wherever they come from, it is illegal even to advertise them for sale in the UK. A London trader was recently fined £200 for selling a base metal chain made on the Continent.

It of course seems sensible to have reciprocal arrangements so that hallmarking can be done in the country of origin, and a start has been made through the International Convention to which five countries—the UK, Austria, Finland, Sweden and Switzerland—are signatories.

Norway and Portugal are expected to ratify it shortly and Eire will probably join. This leaves some sizeable gaps in the European organisation, which look like persisting indefinitely. In Spain and Italy hallmarking of any kind has disappeared and Denmark, which used to have a compulsory system, downgraded it to a voluntary one some 10 years ago.

Some years ago an EEC directive proposed a hallmarking system for all EEC countries. This was contested by some on the grounds that the International Convention was sufficient and in any case the UK and a few other countries were unhappy about the technical standards the EEC proposed to apply. Voluntary acceptance of reciprocal arrangements through the Convention, which London and Birmingham in particular are working towards, seems now to be the better, if longer way.

With tourism so much a part of international business the facility for being able to offer hallmarked articles of precious metal is becoming increasingly valuable as a means of protecting the innocent visitor.

Lester on Milford for Queen

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT was yesterday finally given the all-clear to partner Milford for the Queen in the Derby and he immediately snapped up the mount. Bookmakers reacted predictably, cutting the odds from 11-2 or 5-1 to 4-1. There now seems little doubt that the combination of the Queen and Piggott will see Milford going to post on Wednesday a firm favourite. And one, in my opinion, at totally false odds.

Both Henry Cecil and Michael Stoute, two other trainers with obvious Derby hopes, now seem almost entirely satisfied with their intended classic prospect. Lyphard's Wish impressed all who saw him put through a strong piece of work over 10 furlongs with Golden River on Wednesday: while Hardgreen looked equally formidable in a gallop with Rimosa's Pet and Viribus.

Henry Cecil's L'ile du Reve clear second favourite in most books behind the Stoute-trained Rimosa's Pet, another false market leader in my opinion, also caught the eye in work with Odeon and Formulate. It was only eight days ago that Cecil surprised many experienced work watchers when putting L'ile du Reve through her paces with Lyphard's Wish and Golden River.

Still on the subject of Epsom, some readers may be interested to know that the Derby Day 200 Exhibition continues at the Royal Academy until July 1. There are no problems in gaining admittance. For anyone intrigued in the history of the race and in seeing the works of some of the greatest artists who have covered the event, the exhibition is well worth a visit. I have yet to find anyone who has come away from it disappointed.

Britain's National Hunt jockeys whose disparity in earnings with their colleagues on the Flat has often led to them being termed "the poor relations," may well cast an envious glance towards Martin Blackshaw. Blackshaw, who has been riding in France for several years, will be in action on June 17 at France's premier jumping track, Auteuil, where he rides in the French Grand National, the champion hurdle, and two other events which combine to boast prize money of approximately £120,000—about three times the Gold Cup prize.

KEMPTON

2.00—Money Sings
2.30—Queen to Conquer***
3.00—Sandstream*
3.30—Foul Fella
4.00—Wingau
4.30—Kimbleton**
5.00—Countess Virginia
5.30—Spartan Call

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 1.15 pm News. 1.30 Heads and Tails. 3.25 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Heyyy, It's the King (cartoon). 4.40 We are the Champions. 5.10 Lassie.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 It's a Knockout.
8.00 Are you being Served?
8.30 Two Up, Two Down.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "An American Tragedy," starring Sylvia Sidney.

All Regions as BBC1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—1.30-1.45 pm O Dan Y Mor. 2.30-4.20 Elsteddfed Yr Urdd live from Maestog. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Dewch I'r Ardd. 7.35-8.00 Elsteddfod Yr Urdd. 10.15 Kane On Friday. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The European Campaign. 11.05 News Headlines. †11.08-12.43 am The Late Film: "An American Tragedy."

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Gardeners' World.
7.20 Mid-Evenings News.
7.30 Heads and Tales.
7.45 Westminster.
8.10 Chronicle.
9.00 All Creatures Great and Small.
9.50 We Were The Champions.
10.40 Bullseye BBC2 Darts
11.15 Late News.
11.30 The Conformist.
1.15 am Fox Watch.

LONDON

9.30 am Cartoon Time. 9.40 Stationery Ark. 10.05 "The Million Pound Note," starring Gregory Peck. 11.30 A Big Country. 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Home and Design. 2.00 Afternoon Plus. 3.20 Untamed Frontier. 3.50 The Sullivans. 4.15 Midnight is a Place. 4.45 Magpie. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 Mork and Mindy.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Kids.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme:
12.10 am The Electric Theatre Show.
12.40 Close: Geoffrey Hinsliff reads from Bunyan's "Pilgrim's Progress."

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am The Undersea World of Captain Nemo. 9.40 England Their England. 10.10 Animated Classic. 10.55 Tarzan 11.40 Cartoon Time. 1.25 pm Anglia News. 2.25 Friday Film Matinee "Ransom for Alice." 5.15 University Challenge. 6.00 About Anglia. 7.00 What's On Next? 7.30 Gambit. 8.00 Chips. 10.30 Campaign Europe. 11.00 Friday Late Film: "Seven Angry Men." 12.40 am Christians in Action.

ATV

9.55 am Conquest of the Sea. 10.45 Morning Cinema: "I Heard The Owl Call My Name." 1.20 pm ATV Newsdesk. 3.20 The Family. 5.15 Makin' It. 6.00 ATV Today. 7.00 Oh No! It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.30 Mary Hartman, Mary Hartman. 11.00 The Tough Guy Movie: "A Town Called Bastard."

BORDER

9.35 am Elephant Boy. 10.00 Firehouse. 10.25 Film: "The Oregon Trail." 1.20 pm Border News. 2.00 Afternoon Plus. †2.25 Matinee: "It's That Man Again," starring Tommy Handley. 5.15 Garnock Way 6.00 Lookaround Friday. 6.20 European Election Broadcast (SNP). 6.30 Happy Days 7.00 Laverne and Shirley. 8.00 The Streets of San Francisco. 10.30 Triangle. 11.00 Lanigan's Rabbi. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where 2.25 The Friday Matinee. "The Desperate Miles" 5.15 Emmerdale Farm 6.00 Report At Six 6.35 Friends Of Man. 7.00 Star Treatment—Grace Kennedy. 10.28 Channel Late News 10.35 TBA. †10.55 Late Night Movie: "The Innocents." 12.40 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 9.28 For Schools 1.20 pm Grampian News Headlines. 3.20 Stars On Ice. 5.15 Emmerdale Farm 6.00 Grampian Today. 6.20 European Election Party Broadcast by the SNP 6.30 Father Dear Father. 7.20 Formtoun Folk. 10.30 Reflections 10.35 The Friday Film: "The Anderson Tapes."

GRANADA

9.30 am Sesame Street. 10.30 Focus on Wildlife. 10.50 Funky Phantom. 11.15 Picture Box. 11.30 The Beatles. 11.45 Song Book. 1.20 pm Cartoon. 2.25 Friday Matinee: "Sidekicks" 5.15 The Rolf Harris Show 6.00 Granada Reports. 6.30 Oh No. It's Selwyn Froggitt. 7.00 The Girl With Something Extra. 8.00 The Streets of San Francisco 10.30 Rhodes of Saddleworth. 11.00 Hitchcock: "The Birds."

HTV

10.05 am Cash and Company. 10.55 About Britain. 11.20 Animated Classics. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 Royal Bath and West Show 5.15 Gambit. 6.00 Report West 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 Survival. 8.00 The Incredible Hulk. 10.35 Royal Bath and West Show. 11.05 The Late Film. "Just Like A Woman."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Y Dyffryn Cudd. 6.00-6.15 Y Dydd. 6.30 Outlook On Europe. 7.00-7.30 Emmerdale Farm 10.35-11.05 Eisteddfod Genedlaethol Yr Urdd'urdd Eisteddfod 1979 Maesteg

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.25 Friday Matinee: "This Is The West That Was." 5.15 Gambit. 6.00 Nahanni. 6.20 European Election Broadcast by the Scottish National Party. 6.30 Emmerdale Farm. 7.00 Do You Come Here Often? 8.00 The Incredible Hulk. 10.30 Late Call. 10.35 "Under the Yum Yum Tree."

SOUTHERN

9.30 am Untamed World. 9.55 Solo One. 10.20 "Journey To The Far Side Of The Sun," starring Ian Hendry. 1.20 pm Southern News. 2.25 Friday Matinee: "The Day The Earth Moved." 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 Out Of Town. 7.00 Like It Or Not. 8.00 Charlie's Angels. 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Premiere: "Foreigners."

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 9.30 The Best Kept Secret 9.45 Robin Hoodnik. 10.40 Tarzan 11.35 The Secret Lives of Waldo Kitty 1.20 pm North East News and Lookaround †2.25 Friday Film Matinee: "Intermezzo," starring Leslie Howard and Ingrid Bergman. 5.15 Laverne and Shirley 6.00 Northern Life and Sportstime 7.00 Got Some In 8.00 The Incredible Hulk 10.30 Friday Live 12.00 S.W.A.T. 12.55 am Epilogue.

ULSTER

10.10 am The Herbs. 10.20 Solo One 10.45 Stars on Ice. 11.10 Animated Special. 1.20 pm Lunchtime 2.25 Friday Matinee: "The Runaways" 4.13 Ulster News Headlines. 5.15 Gambit 6.00 Ulster Television News. 6.20 Sportscast 8.00 The Streets of San Francisco 10.30 Friday Film: "Hot Millions" 12.00 Bedtime.

WESTWARD

10.20 am The Making of Star Wars. 11.10 Space 1999. 12.27 pm Gus Honeybun's Birthdays 1.20 Westward News Headlines. 2.25 The Friday Matinee: "The Desperate Miles." TV Movie. 5.15 Emmerdale Farm 6.00 Westward Diary. 6.35 Time Out. 7.00 Star Treatment—Grace Kennedy 10.32 Westward Late News 10.36 Newsmonth for May †10.55 Late Night Movie: "The Innocents" 12.40 am Faith for Life 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Wild, Wild World of Animals 10.00 Pinkins 10.15 Oscar. 10.30 Mickey's 50th Birthday Party 11.35 Beachcombers. 1.20 pm Calendar News. 2.25 Friday Film Matinee: "This Is The West That Was" 5.15 Makin' It 6.00 Calendar (Emley Moor and Belmont eds) 6.35 Calendar Summer Sport. 7.00 The Krypton Factor Special 8.00 The Incredible Hulk. 10.20 "Topaz"

RADIO 1

(S) Stereophonic Broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis 9.00 Simon Bates. 11.31 Paul Burnett 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable 8.00 Andy Peebles 9.50 Newsbeat 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary 5.02 Tony Brandon (S). 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause For Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S) 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn visits Oxford (S) 6.45 Sports Desk. 7.02 Listen to Les says Les Dawson (S). 7.30 Sports Desk. 7.33 Fiesta de Donna (S). 8.02 Neil Richardson conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Jim Macleod and His Band at the Radio 2 Ballroom. 11.02 Peter Clayton with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S)

RADIO 3

†6.55 am Weather 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture part 2 (S) 8.55 Rural Rhymes 9.00 News 9.05 This Week's Composer Copland (S). 10.00 Young Artists Recital (S) 10.55 BBC Northern Ireland Orchestra (S) 11.40 Palestrina and Byrd concert (S) 12.30 pm Salzburg Mozart Week 1979 part 1 (S) 1.00 News 1.05 Playbill (S) 1.20 Salzburg Mozart Week, part 2 (S). 2.10 Royal Repertoire (S). 4.55 Violin and Piano Recital (S) 5.25 Homeward Bound (S). †5.45 News. †5.50 Homeward Bound. †6.15 At Home: Perlemuter plays Chopin, Dvorak. 7.10 French Without Tears (Cabaret-style entertainment). 7.30 Leeds Musical Festival 1979, part 1: Delius, Liszt (S). 8.10 Poetry Now 8.30 Leeds Festival, part 2 Tchaikovsky (S). 9.30 Einstein: The Struggle Against Chance. 10.15 Purcell harpsichord recital (S). 10.35 Lover's Sorrow: Chinese music and poetry. 11.10 Music Now. 11.55-12.00 News

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

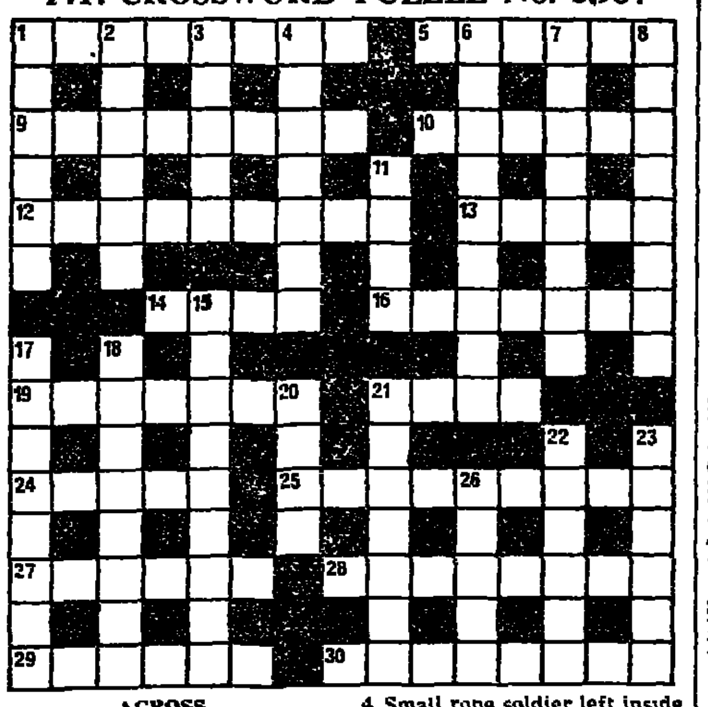
RADIO 4

6.00 am News Briefing 6.10 Farming Today. 6.25 Shipping forecast 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 A Moveable Feast. 9.00 News. 9.05 European Election Call. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service 10.45 Morning Story. 11.00 Down Your Way visits Frensham Surrey 11.45 Listen With Mother 12.00 News. 12.02 pm You and Yours 12.27 My Music (S) 12.55 Weather, programme news 1.00 The World at One 1.40 The Archers 1.55 Shipping forecast 2.00 News 2.02 Woman's Hour from the Royal Bath and West Agricultural Show, Somerset. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News 4.05 The Small, Intricate Life of Gerald C. Potter. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Shipping forecast 5.55 Weather, programme news 6.00 News. 6.30 Going Places 7.00 News 7.05 The Archers. 7.20 Pick of the Week (S) 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight 10.35 Week Ending (S). 11.00 A Book at Bedtime, final part. 11.15 The Financial World Tonight 11.30 European Election Platform 11.55 Just Before Midnight. 12.10 am News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour 9.00 London Live 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00 Join Radio 2.

F.T. CROSSWORD PUZZLE No. 3,984

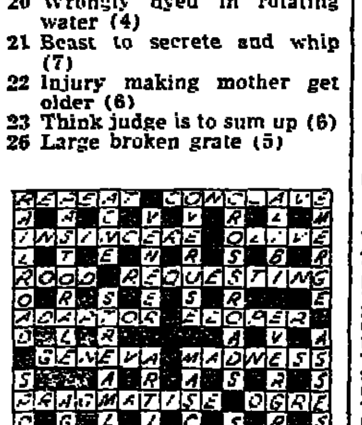


ACROSS

1 Break when not fully employed (8)
5 Some bananas the French do business in (6)
9 Mounted steps to get here? (8)
10 Meaning I'm taking the left side (6)
12 Split fish and part of roast pork (9)
13 Soldier boy comes back, how sweet (5)
14 Attachment for watering a flower (4)
16 Ski race the French knock down (7)
19 Steal just a bit? (7)
21 Cook found with much effort (4)
24 Everybody out of bed, it's the end (3, 2)
25 Feathers to sort and underrate (9)
27 Pulse is fast on the Italian (6)
28 Pavement in New York where team travel on foot (8)
29 Promise something given as a security (6)
30 Scattered over finest sailors going round quarters (8)

DOWN

1 Premonition about article referring to leg and loin of animal (6)
2 Seaman the French mark (6)
3 Follow a course (5)
4 Small rope soldier left inside (7)
6 Notice girl I've to follow, it could be conceded (9)
7 A part to dry outside and it's totally very dry (8)
8 Wrongfully obtained from Tex or Ted (8)
11 A long time is needed to get silver points (4)
15 Child no longer available to jump (9)
17 Shellfish and eastern slice of veal (8)
18 Fish to spear in a manner of speaking (8)
20 Wrongly dyed in rotating water (4)
21 Beast to secrete and whip (7)
22 Injury making mother get older (6)
23 Think judge is to sum up (6)
26 Large broken grate (5)



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Tonight at 7.30: Madame Butterfly. Tomor. at 7.30: The Italian Girl in Algiers. End of season. 104 balcony seats avail. at 10.00 on day of perf.

COLISEUM. Credit cards 240 5258. Reservations 836 3161. June 5-30. NUREYEV FESTIVAL Evgs. 7.30. Mats. Sat & June 7 & 14 at 2.30. June 5 to 23 with LONDON FESTIVAL BALLET. June 5-9: Romeo & Juliet. June 12-16: Sleeping Beauty. June 25-30 with MURRY LOUIS DANCE COMPANY OF AMERICA.

COVENT GARDEN CC. 240 1066. (Gardencharge Credit Cards. 836 6903.) THE ROYAL OPERA Ton't. & Tue. 7.30 Werther. Tomor. & Wed. 7.30 La Boheme. Mon. 7.00. Thur. 7.30 Luisa Miller. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411-813424. Sold Out—possible returns only. Tonight. Sun. & Thur. next at 5.20: Il ritorno d'Ulisse. Tomor. & Wed. next at 6.10: Fidelio. With the London Philharmonic Orchestra.

SADLER'S WELLS THEATRE. Rosebery Ave., E1. CC. 01-837 1672. LONDON CONTEMPORARY DANCE THEATRE Evgs. 7.30. Wed. Mat. 2.30. Tonight & Tomor.: Diary 2. Dreams With Silence. Then You Can Only Sing. Tues. & Wed.: Waterless Method of Swimming Instruction. No Man's Land. Masque of Separation. Wed. Mat.: Waterless Method of Swimming Instruction. Masque of Separation.

THEATRES

ADELPHI THEATRE. 01-836 7611. Previews June 14, 15, 16 & 18 at 7.30. (Seats from 70p to £4.) Opens Tuesday June 19 at 7.00. JOHN INMAN In The World Famous Farce CHARLEY'S AUNT Box Office Now Open.

ALBERY. From 9.30 am incl. Suns. 836 3878. CC. Bookings 836 1071-3. Evg. 7.45. Thurs. and Sat. 4.30, 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Financial Times. with ROY DOTRICE. GILLIAN BURNS. MARGARET BURTON. Party rates and student standby avail.

ALDWYCH. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't. 7.30. Tomor. 2.00 & 7.30. THE TAMING OF THE SHREW "There is no happier evening in London than this Shrew." F. Times. With: LOVE'S LABOUR'S LOST (next perf 5 June). New production. Mikhail Bulgakov's THE WHITE GUARD (next perf. 8 June). RSC also at THE WAREHOUSE (see under W).

AMBASSADOR'S. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN. GWEN WATFORD. DAVID BURKE. ANGELA DOWN in BODIES by James Saunders. "IT'S IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOURS AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MIND AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.00. Sat. 5 and 8. Mats. Th. 3.00. IAN LAVENDER CHRISTOPHER TIMOTHY JULIA FOSTER in HAPPY BIRTHDAY A VERY FUNNY NEW COMEDY BY ...

[illegible]

THEATRES

DUCHESS. 01-836 8243. Mon. to Thurs. Evs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth Sensational Year.

FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturday 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR

[illegible]

THEATRES

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. BILL PATERSON in WHOSE LIFE IS IT ANYWAY? by BRIAN CLARKE. "A MOMENTOUS PLAY. I URGE YOU to SEE IT. IT STIRS THE HEART AND ACTIVATES THE MIND, LIKE NOTHING ELSE IN LONDON." Guardian. WHOSE LIFE IS IT ANYWAY? "IS A BLAZING LIGHT IN THIS SEASON." N.Y. Times. WHOSE LIFE IS IT ANYWAY? "I HAVE RARELY FELT SO GRIPPED. ...

[illegible]

CINEMAS

[illegible]

Cannes Film Festival

Great Watersheds of History

by NIGEL ANDREWS

Last year, Women's Liberation. This year, Great Watersheds of History. Each year at the Cannes Film Festival, movie fashions reach high tide and wash up on the sun-drenched beaches of the Med. the latest products in cinema trend-setting. Last year feminism was *à la mode*. This year it was history. The Golden Palm for Best Film was shared between a German movie about the rise of Nazism, Volker Schlöndorff's *The Tin Drum*, and an American one about the Vietnam war—Francis Coppola's *Apocalypse Now*. Elsewhere, the festival burst at the seams with films on political and social history, remote or recent, intimate or panoramic.

Klaus Kinski, the German star who was hotly tipped as Best Actor for his performance in Werner Herzog's *Woyzeck* (though it finally went to Jack Lemmon in *The China Syndrome*), went purple with rage at a Cannes Press conference when he and Herzog were asked why their films are so often set in the past. "The question is too stupid to answer!" he exploded, seizing the mike and spraying the audience with undeleted expletives. "The time in which a film is set is *totally* irrelevant," insisted Kinski, "for the basic human truths never change."

Perhaps the basic human truths do not change, but a lot of significant truths do and history—in and out of the movies—is there to chart the when, where and how. Schlöndorff's prize-winning *The Tin Drum* adapts Gunther Grass' 20-year-old novel about a dwarf teenager, living in 1930s Danzig, who is possessed of such surreal powers as the ability to shatter glass with high screams or to disrupt Nazi rallies by banging out an a-rhythmic beat on his toy drum. The novel was funny and eerie in its askance look at recent German history, and so is the film. Schlöndorff's star is a miraculous 12-year-old, David Bennent, who actually stopped growing at the age of three and whose huge staring eyes surmount a minuscule body. Around this riveting centre Schlöndorff builds a fine, folkloric picture of Germany under the Nazis, and pinpoints some of the dottier ways in which human history took a brief turn for the worse.

The film has a more panoramic scope than Herzog's *Woyzeck*, which is based on the 19th century play-fragment by Georg Büchner about a soldier driven by jealousy and paranoia to murder of wife. But Herzog's films are unequalled for their mystic-individualist approach to history and *Woyzeck*—though more conventionally staged than any recent Herzog movie—confirms Kinski's assertion that period stories can be timeless, and even startlingly modern, in tone. The scenes of pettifogging bureaucracy and domestic tension recall *Kaspar Hauser*, the rural exteriors have a weird beauty like *Heart of Glass*, and Kinski himself (who was Herzog's Aguirre and Nosferatu) gives an explosive performance that turns a chamber drama into high tragedy.

The mark of Herzog seems to be upon Francis Coppola's *Apocalypse Now*, whose mystic journey up-river through darkest Vietnam recalls *Aguirre, Wrath of God*. But this long-awaited Vietnam epic by the director of *The Godfather* is a box of tricks in which human truth is sacrificed to show-off sleight-of-hand and intellectual pretension. The story of an American soldier's voyage upstream to meet and murder a U.S. major who has reportedly gone off his rocker, establishing a Messianic dictatorship beyond the Cambodian border, is vaguely based on Conrad's *Heart of Darkness*. But vaguely is the word.

Martin Sheen plays the soldier, with hangdog look and hung-over off-screen narration; Marlon Brando plays the Major —a symbol of America's imperialist Id?—with shaven head and quotations from T. S. Eliot; and Francis Coppola masquerades as the cinema's new philosopher with this extraordinary mish-mash of psychedelic symbolism and cultural coat-trailing. (In adition to Eliot there are quotations ranging from Rudyard Kipling to the Rolling Stones). The film will come to London soon, so you will be able to see and judge it for yourselves.

Russia threw up in answer to *Apocalypse Now* its very own historical epic, lasting 3½ hours and seeming longer—*Siberiad*. This won a special Jury Prize from the nine-person panel led this year by Françoise Sagan. What they saw in the film I am not sure, since the USSR's contribution to the Cannes history symposium is a muddily-photographed truge through changing generations in a remote Siberian village. It starts in the early years of the century and lasts until the 1970s showing how a civil revolution and two world wars dimly reverberated in one of the hoarier backwaters of the Soviet Union. The story is an irredeemably dog-eared anthology of folksy clichés, doggedly directed by Andrei Mikhalkov-Konchalovsky.

Coppola and Konchalovsky should have taken lessons in dramatic focus and intellectual clarity from those films at Cannes that summed up a society and a historical turning-point not by filling the screen with extras or deafening us with multi-track stereo, but by selecting a tiny, fertile oasis of meaning amid the billowing desert of time.

James Ivory's *The Europeans*, which was the official British entry, is an adaptation of the Henry James novella about two Europeanised Americans — a brother and sister—who come to the USA for a reunion with their New England family. An inevitable Jamesian culture-clash ensues, and Ivory captures it in a series of ravishing tableaux, that are never merely beautiful, set against the rain-bow backcloth of a New England Fall. A cool, lapidary irony informs the film, the sense of a particular age and sensibility are deftly caught, and Lee Remick gives a luminously beautiful performance as the sister.

The French film *La Drôlesse* has even narrower focus. Scene, a French village. Time, now. Characters, a pretty 12-year-old girl and the retarded older boy who kidnaps her—for companionship rather than sex—and sets up home with her in a gloomy loft above his parents' house. The girl, rather than resisting, plays along with this quaint elopement and the result is like a Platonic variation on *The Collector*. The director is Jacques Doillon, most promising of the younger French film-makers, and though one could carp at the film's TV-style head-and-shoulder staging, the story has a compulsive believability and a sort of "innocent" perverseness hard to resist.

The best film at Cannes was shown out of competition. John Huston's *Wise Blood* is sheer delight: a lean and hungry tale of monomania to rival *The African Queen* or *The Treasure of Sierra Madre*. Brad Dourif plays a young man journeying from town to town in the American South, setting himself up as an atheistic preacher and trying to exorcise the traumatic influence of his late father, a hellfire evangelist (played in flashback by Huston himself). Caught in the crossfire between orthodox Christianity and the Dourif version—"The Church of the Truth without Jesus Christ"—are Harry Dean Stanton as a blind hot-gospeller, Ned Beatty as a salesman doling out door-to-door religion, and Amy Wright as a squally teenage waif who falls in love with our hero.

The script is funny, macabre, unpredictable and razor-sharp, and the film is shot in the nearest 1970s approximation I have seen to the old Hollywood deep-focus. Huston has thrown his telephoto lens out of the window — figuratively speaking — and instead of those trendily flattened images modern films have accustomed us to, *Wise Blood* has a wonderful, near-Gothic depth of field. It's part and parcel of the film's brilliant attempt to link modern charlatanry — religious, ideological, political —to the racy monomania and Manicheism of the old gangster films. (Even the hats and clothes in *Wise Blood* are gangster-ish in style.) This is Huston's best film in years, and if it had been put in competition at Cannes it would surely have won the Grand Prix.

American cinema flowered in picturesque ways elsewhere in the festival. Jack Lemmon's award-winning performance is one of several pluses in *The China Syndrome*, a hugely enjoyable thriller built around near-disaster at a nuclear reactor. (It was made, prophetically, before the real one at Harrisburg). Stephen Verona's *Boardwalk* is an erratic but likeable melodrama about love, violence and growing old in Brooklyn, with Lee Strasberg as a put-upon Jew and Ruth Gordon as his lovable, snarling-pixie of a wife. *Old Boyfriends* marks the directing debut of Joan Tewkesbury, who scripted *Nashville*, and tells the strange tale of a thirtyish woman (Talia Shire) who motors across America hunting up old flames and re-living (and/or exorcising) earlier amours. The film oscillates between irony and melodrama, and frequently teeters on the brink of self-parody, but it has a gnomic, obstinate charm that's hard to resist.

Coming to London straight from Cannes is Terrence Malick's *Days of Heaven* (Plaza, A), which won this young American film-maker (who made *Badlands*) the Best Director prize. Best Director prizes are always suspect—as opposed to Best Film since they usually hint at a job half-done: that a silk-purse movie has been made from a sow's-ear script. The screenplay for *Days of Heaven* is indeed in need of urgent tailoring. It tells of a brother and sister (Richard Gere and Brooke Adams) from the slums of Chicago who migrate to Texas to find employment. They find it on a wheat farm, and stay on there after their term of work is over because the sister marries the farmer (Sam Shephard). Jealousies grow—the brother, it turns out, is not a brother at all —and murder ensues, swiftly followed by manhunt.

This curiously arbitrary melodrama is fluffed out with some of the prettiest photography you have ever seen. (By Frenchman Nestor Almendros, who won an Oscar for it.) There are hazy, pastel-blue panoramas; burnished twilights; figures silhouetted in pen-and-ink starkness against the skyline. The film is indeed a silk purse; but there's nothing in it. No human truths rattle around inside, no human tensions lend weight and meaning. As with *Badlands*, one has the impression that a master painter or photographer has stepped into the wrong medium. Malick cannot tell a story, he can only stitch together awesomely beautiful pictures. His actors do their best to breathe life into the skimpily-defined roles, but Malick's camera keeps turning them—like Pygmalion in reverse —into figures in a landscape.

Second to none in my veneration of Ms Piggy and Kermit the Frog. I wish I could give you good news of *The Muppet Movie* (Leicester Square Theatre, U). But alas, the TV show has gone the way of most little-to-big-screen adaptations, stretched on the Procrustean rack of feature-film requirements so that speed and wit have been sacrificed to an overdeveloped plot, a host of guest stars (inc. Bob Hope, Orson Welles, Mel Brooks and Elliott Gould) and a steady drizzle of songs. There is one unforgettable glimpse of Kermit riding a bicycle, and one or two moments of soprano star-power from Ms Piggy, but the Muppets' natural habitat is the 30-minute TV show.

Eva Mattes and Klaus Kinski in Werner Herzog's "Woyzeck"

Hannah Gordon and Peter Barkworth

Piccadilly

Can You Hear Me at the Back?

by MICHAEL COVENEY

The awkward title of Brian Clark's new play is explained in the opening line, with Peter Barkworth as Philip Turner, an architect, addressing us at a meeting in the new town of Feltonly. Turner has contracted a severe bout of menopausal stasis, disappointed with both his career and his marriage to Sarah (played by Mr. Barkworth's co-star of *Telford's Change*, Hannah Gordon). From his vantage point in the town's only private estate he surveys with despondency the colourless results of the post-war "new hope" in town building and yearns for some "planned spontaneity," a touch of craziness, to inform the landscape.

This is familiar West End emotional territory, notably occupied in the recent past by Simon Gray and James Saunders. The trouble is that the central characters' sense of stagnation, or disaffection, is contagious. Turner, like the hero in Simon Gray's *Otherwise Engaged*, arms himself against the prospect of complete defeat by flicking a witty tongue at all intruders. But, in the end, what does he actually *do*? The Turners' best friends are the Hartnolls, and Margery (Stephanie Beecham), who is something in fashion, has designs on the architect. Over drinks to "celebrate" Turner's resignation, Margery threatens the politely adulterous decorum by showing her bare breasts under Turner's nose. Someone knocks the crisps on the floor and Turner decides to go to Scarborough, where Alan Ayckbourn, one imagines, may find him another play to appear in.

There is a lot of the sort of "Hampstead adult" talk fashionable these days among superior boulevard playwrights, much of it doggedly constructed to fit the play's metaphor. Jack Hartnoll (Edward Hardwicke), for instance, accosts Turner with the line "You will have an inquiry before redeveloping mywife!" And he was rewarded by the First Night audience with a corporate laugh that very nearly dissolved in a round of applause. Just as successful was Mr. Clark's portrayal of the Turners' teenage son as a sixth form "revolutionary," for West End audiences love to see the young put firmly in their place. When Mr. Barkworth pronounced that "Relating to a bright 18-year-old is a bit like trying to make love to a mermaid—difficult!" the explosion of wheezy mirth would have lifted the roof had not a violent thunderstorm been exerting a complementary pressure from above.

Barry Davis' adroit direction is faithful to the rather self-conscious device of manipulating the audience into a mobile rôle of Feltonly locals for Mr Barkworth's well-phrased outbursts of disillusion and obedient schoolchildren for headmaster Hartnoll's morning assembly harangues on the theme of love and courage. And, up to a point, the danger to community life posed by big business and property developers is one readily appreciated by theatre managers and their customers. But the arguments are familiar enough already, thanks to Christopher Booker and Kenneth Robinson, and they do not carry much dramatic spark or charge in this context.

Mr. Barkworth, an actor of seemingly effortless naturalism and inherent charm, does his level best to carry the evening, dispensing whisky and aphorisms in about equal proportions. But, as a follow up to Mr. Clark's *Whose Life is It Anyway?* the show, for all it's good liberal intentions, is a hollow, and frequently crude, disappointment.

London Room

Peter Gordeno

by ANTONY THORNCROFT

At that hour of the evening when Londoners have started to doze in front of their television sets the tourists come out to play. They don't have long because London is not a late city, but at least until midnight there is the chance of respectable entertainment.

Peter Gordeno, appropriately half Italian with the rest split between Burmese and Scots, pinpointed the complete foreignness of London night life during his act on Wednesday at the London Room, where he will be appearing until the end of the tourist season, when he did a national check list. There were Swedes by the dozen; Spaniards by the score; strong contingents from Holland and the U.S. There was one British table, but the less said about that the better. There is no reason why any visitor to London should ever meet a native, and that applies to native ideas of fun.

So in this international limbo Peter Gordeno presents the perfect act: plenty of movement, familiar songs, and the kind of basic horse-play which travels to Yokohama and back. It is a cheerful show, well padded out with a quartet of attractive girl dancers who glide through some very rapid costume changes. Peter Gordeno may not have a great voice; he may huff and puff a bit after each number; his chat is a ragbag of disco clichés; but he has been doing this kind of thing for years and the middle class, middle aged garlic of the earth thoroughly enjoyed themselves, and him.

The London Room is apparently one of a chain of tourist haunts and in terms of food and service does London proud. It throws in a couple of magicians; a rather noisy band, the invariably wistful girl singer, and a safe cocoon of unremarkable diversion. Anyone forced to entertain 30 Norwegian dried fruit wholesalers and their wives at short notice could do worse.

British Library to stage exhibition on art of diplomacy

A major exhibition illustrating the art of international negotiation from the earliest times to the present century is to be held in the British Library's galleries in the British Museum from June 8 until August 26.

On display will be items from the British Library's collections of diplomatic documents, which include original treaties and their sometimes ornate ratifications, and correspondence, some of which was carried on in code, cipher and invisible ink.

These will be supplemented by loans of decorations and ambassadorial costume, ceremonial plate, coins and medallions, prints, drawings and miniatures.

Scandinavian theme at 1979 Proms

The 85th season of Promenade Concerts, which starts at the Albert Hall on July 20 with a performance of Mahler's 3rd Symphony, will have a Scandinavian theme, with strong support from Polish and Russian composers. Sibelius, in particular, will be well featured and there will be a symphony new to the Proms—the Kullervo —which established Sibelius' reputation in 1892. His tone poem Tapiola is also given a fairly rare airing.

Nielsen's work will be featured, as will a first Prom performance of Holmboe's cello concerto, written in 1975. Grieg's piano concerto in A minor will be played by Emil Gilels on July 26.

There are world premieres for two compositions specially commissioned for the Proms—Nicholas Maw's "La Vita Nuova" and Oliver Knussen's 3rd Symphony. In all 55 other works will be newcomers to the Proms, including the first British performance of George Crumb's "Star-Child" on July 27. This massive work requires the services of four conductors.

Other highlights are a visit, on August 24, of an Indonesian Gamelan Orchestra, plus dancers, with its emphasis on tuned percussion instruments; a first visit from the Israel Philharmonic; two concerts by Pierre Boulez's IRCAM of Paris; and performances by Glyndebourne Opera of Haydn's "La fedelta premiata" and "Billy Budd" by the Welsh National Opera.

All the 54 concerts will be broadcast to a world-wide audience of 100m. As well as the new works Mozart is represented by 13 compositions, Beethoven by 11 and Haydn by five.

ANTONY THORNCROFT

Royal Ballet's plans

In May 1981, The Royal Ballet celebrates the 50th anniversary of the founding of the company and between the beginning of the 1979-80 season and the end of the 1980-81 season, it will present revivals of major choreographic works from the past 50 years, which will feature prominently in a joint Royal Ballet/Sadler's Wells Royal Ballet anniversary season in May 1981, when the BBC will be honouring the Royal Ballet.

During the forthcoming 1979-1980 season the Royal Ballet's plans include a new one-act ballet by Kenneth MacMillan and at least one other new one-act ballet; a revised and refurbished production of *Swan Lake*; and revivals of *Giselle*, *A Wedding Bouquet*, *Les Biches*, *Cinderella* and *Dances at a Gathering*.

The year will also see two anniversary performances by the Royal Ballet and Sadler's Wells Royal Ballet:

The season opens on Wednesday October 3 with a performance of *Romeo and Juliet*.

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In defence of the D-Mark

THE WEST GERMAN Bundesbank's decision yesterday to raise Lombard rate by ½ per cent is entirely consistent with the restrictive anti-inflation course steered by the central bank since the start of the year, a policy which it has, if anything, toughened as a result of the rise in world oil prices.

But the move carries with it important implications for Germany's European partners in view of the strains on the European Monetary System which a further rise in German interest rates can reasonably be expected to bring.

The Bundesbank coupled the Lombard rate increase with action to increase liquidity in the banking system. This has been severely depleted in recent weeks following very large capital outflows from Germany sparked off by the strength of the dollar. The liquidity move—an extension of the bank's open market policy whereby it will purchase fixed interest securities from commercial banks for limited periods—appears to be a piece of comparatively minor fine tuning.

The rise in Lombard rate, which in times of tight conditions determines the level of short term interest rates on the German money market, is evidence that the Bundesbank is more worried about rising German inflation than the sharp fall in liquidity.

Made plain

The interest rate boost, coming only two months after the Bundesbank raised both discount and Lombard rates by 1 per cent, will hardly be popular with the central banks in Amsterdam, Brussels and Copenhagen. In the past few weeks their currencies have come under pressure against the D-Mark within the European Monetary System. Belgium and Holland increased their bank rates on Wednesday, the former in direct response to the fragility of the Belgian franc, which has consistently been the weakest member of the EMS.

The Bundesbank has made it plain that the main reason for the monetary squeeze it has engineered this year is its alarm at accelerating German inflation. The year on year rise in the cost of living index increased in May to 3.8 per cent on the basis of provisional figures, well up on last year's average of 2.6 per cent. Economists at both the central bank and at independent research institutes see the rate moving to 4 per cent by the end of the year.

Considering German susceptibility to inflation, this is at least one percentage point too high for comfort.

On the other hand the domestic economy is flourishing. The Bundesbank foresees real GNP growth of 4 per cent this year—despite the OPEC price rise—and maybe next year as well. With the strength of the dollar giving the Bundesbank additional room for interest rate manoeuvre, the central bank has felt no qualms in moving to a significant tightening of monetary policy for the first time since 1973/74.

Indeed, some Bundesbank central council members felt that such a course correction was long overdue. The central bank has overshot its monetary growth rate targets in each of the last four years, particularly last year when liquidity was bloated by speculative inflows caused by the fall of the D-Mark.

Tighten liquidity

This year, however, has seen a drastic change in the economic environment, mainly because of the dollar's recovery. The overall devaluation of the D-Mark this year has allowed the increases in oil and other raw material prices on world markets to work through very quickly into higher German prices, especially at the wholesale level.

The inflationary trend has been accentuated by the strength of the economy, boosted by last year's reflationary measures, and the accompanying high demand for credit.

The Bundesbank has thus welcomed the opportunity both to prevent further depreciation of the D-Mark and to tighten banking liquidity through a policy of heavy sales of dollars on foreign exchange markets. Combined intervention by the Bundesbank and the New York Federal Reserve Bank in the first five months this year has enabled the central bank to unload from its foreign exchange reserves all the excess dollars which accumulated during the currency unrest of last year.

The Bundesbank's aggressive support of the D-Mark has provoked complaints from the Belgian central bank, whose currency has now slid down to near its lower EMS intervention point against the mark.

But at least the Bundesbank's intervention tactics have neatly exploded the myth that Germany's main aim within the EMS was to hold down the value of the D-Mark and protect its exporters. The Bundesbank's EMS policy, just as the interest rate change announced yesterday, has shown that the German monetary authorities will continue to give overriding priority to preserving the virtuous circle of a strong currency and a low inflation rate.

A second round of recycling

THE GOVERNOR of the Bank of England, Mr. Gordon Richardson, has made a number of speeches in recent months which aimed to deflate the more alarmist criticisms of the operations of the international capital markets. He clearly felt himself to be on strong ground yesterday when, in his address to the international bond dealers, he looked forward to the role that this market will again have to play in intermediating between oil surplus and mainly poor deficit countries, following the rise in oil prices.

Although the Governor argued again for a much larger role for official financing in the problems we now face—a view shared by the International Monetary Fund—there can be no doubt that bank credit will again provide the main source of bridging finance while more fundamental adjustments in balance of payments and energy policy are made. The market's critics will no doubt argue again, as they have before, that the availability of credit reduces the pressure for adjustment.

Fuelling inflation

However, as the Governor pointed out, the most vociferous criticisms of the market have not concerned its role in recycling oil surpluses, which has generally been regarded as overwhelmingly useful, but their role during the currency disorders which occurred in the interim between the two stages of the oil crisis. The markets were seen as undermining domestic monetary control and fuelling inflation.

The distinction is an important one, for it suggests that the main inflationary dangers of the market arise not from the international transfer of savings—the re-cycling role—but from operations which are not properly speaking re-cycling at all. However, in this respect the Governor continues to argue that it is wrong to "shoot the messenger"—in other words, to make the market the scapegoat for the results of mistaken policies.

These errors have established a borrowers' market, and created legitimate worries about banking prudence in the international markets, and here the Governor stressed the work which has been going on to improve statistical reporting and prudential supervision. Central bankers, he seemed to imply, could not be expected to tackle underlying problems, which involve policies and hard physical facts beyond their control, but should work still harder to ensure that these problems do not drive banks into unsound business.

This approach, which has won increasing international assent, is undoubtedly helpful, though it is certainly a pity that after so many years of spectacular growth, we should still be forced to rely on educated guesswork for figures on the net size of the market, or the extent to which it has created credit by transforming maturities. Confidence cannot be founded on such insubstantial information.

It should also be said that central bankers should not be solely concerned with the health of what the Governor calls the messenger; they may often be better placed than anyone to spell out the message. The prospective worries over lending prudence do reflect problems which bankers cannot solve—indeed, the more prudent their lending, the bigger the unsolved problem may be.

The brute fact is that the accumulated debt from the first round of recycling has left such a burden on many potential borrowers that they would be reluctant to shoulder further debt even were credit available. That fact makes the present crisis potentially more difficult than 1974 proved to be; the Governor could usefully emplify his calls for increased aid, and better still an increased flow of capital for primary industry investment, for this may be the only resource which can prevent disruption.

The black majority has taken over an inheritance in Salisbury bristling with trouble

The Rhodesian dilemma for Carter and Thatcher

BY MARTIN DICKSON IN LONDON AND TONY HAWKINS IN SALISBURY

NO PUBLIC holiday, no major celebrations, not even a ceremonial lowering of the flag at midnight last night marked the formal transfer of power from the 240,000 whites to the 7m blacks in the country which now calls itself Zimbabwe Rhodesia.

The low-key character of the handover is deliberate. Celebrations would surely be premature, coming at the end of what has been one of the bloodiest months of a 6½-year-old guerrilla war.

Few diplomats would have been available to attend such celebrations: to date, no country has said it will definitely recognise the new Government led by Bishop Muzorewa, the new Prime Minister.

Above all, most of the whites were in no mood to celebrate the change—not only because many, probably most, oppose it, but because most fear the kind of changes they suspect must come soon once the black-led Government flexes its muscles.

Zimbabwe Rhodesia has been born in an atmosphere of profound uncertainty, facing vital but unanswerable questions on all sides: can the Muzorewa Government rule in a sufficiently strong yet stable manner to retain domestic support and win some measure of international credibility? Can it (with or without South African military backing) hold the line against the guerrillas of the Patriotic Front? And can it get the U.K. and the U.S. to lift sanctions and grant it recognition?

Last week's meeting in London between Lord Carrington, the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, did nothing to clarify British or American intentions. They made little progress towards formulating a new joint policy on Rhodesia. Neither Britain nor the U.S. is yet entirely clear where its own policy is heading, faced with conflicting domestic pressures in favour of lifting sanctions and international pressures not to do so.

Lord Carrington and his Foreign Office officials seem to be espousing caution and a careful weighing of the international repercussions of recognition. Mrs. Thatcher's natural inclinations—reflected in her Commons statements—seem to favour recognition. But although she might personally prefer to press ahead rapidly, political good sense tells here that it would be unwise to make any move at least until after the Commonwealth Conference in Lusaka in August.

But between August and November the British Government will have to take some kind of action, for it knows that any attempt to extend sanctions when this comes up before Parliament in November would utterly divide the Conservative party. I nso far as it yet exists, the Government's strategy therefore seems to be prepare the ground fo ra lifting of sanctions by giving a form of creeping support to the Muzorewa Government.

The first example is the despatch last night of a semi-permanent Foreign Office official to Salisbury.

It is the U.S. Government which will have to take a firm stance on Rhodesia first: President Carter says he intends to decide by mid-June on the so-called Case-Javits amendment, which requires him to lift sanctions if he is satisfied that the Muzorewa Government has been installed after free and fair elections.

If he determines that the new Government does not meet the requirements for lifting sanctions—a decision which seems probable but far from certain—he faces a major battle in Congress. There appears to be an overwhelming majority in the Senate to end sanctions. The House of Representatives is more evenly divided.

Against such a fluid background, it is impossible to foresee what might happen. If President Carter, beset by other worries, were not to fight hard for his Africa policy, Congress could force his hand before the end of the congressional session in early August.

But if he were to fight, he might delay the issue until early next year—placing the decision on lifting sanctons (and all the international odium that would go with it) firmly back in the lap of the British Government, with its deadline in November.

The Thatcher Government could, therefore, be faced with an appalling dilemma, weighing what it sees as a question of principle against the dangers of acting alone; severe strains in the Commonwealth, hostility (and possible trade sanctions against the UK) from black Africa, the danger of full-scale Soviet involvement on the side of the Patriotic Front guerrillas and the odium of being in the same camp as South Africa. This would be a very high price to pay if it then were to finish up on the losing side in Rhodesia, as the Americans did in Angola. So as Bishop Muzorewa moves into his Prime Minister's office this week, he faces two overriding tasks designed to prove that his side is winning.

No Uncle Tom

He must do all he can to get on top in the war, and he must show both to his own followers at home and to the international community that there really has been an effective transfer of power—that he is not the white man's Uncle Tom as his Patriotic Front opponents say.

As it stands, the constitution under which the Bishop will be operating leaves whites with a degree of power out of all proportion to their members.

In recent months the war has gone badly for the Patriotic Front guerrillas. So far this year they have lost nearly 2,000 men in action in Rhodesia and their casualty rate is currently running at 500 a month. That excludes the number of guerrillas killed in trans-border raids by the Rhodesian Air Force, and takes no account of what Rhodesian military sources say is an increased rate of defections and surrenders. Over the same period, the security forces have suffered 170 fatal casualties.

The moment of the takeover: President Josiah Gumede swearing in the black Prime Minister, Bishop Abel Muzorewa, on Tuesday. The predecessor, Ian Smith, now minister without portfolio, looks on.

Rhodesian military sources say they believe that although there are 12,000 guerrillas in the country, more than ever before, they are not doing very much, partly because they lack motivation and are disorganised, and partly because the initiative has — at least temporarily — been wrested from them. The operations in an increasing number of tribal areas of the so-called "auxiliaries"—mainly young black volunteers loyal to Bishop Muzorewa's United African National Council—have partially undermined the guerrilla effort.

It is far too early to claim—as some Rhodesian Ministers have—that the tide has turned, but the heavy guerrilla casualties of recent weeks, the increasing number of surrenders and the failure of the Patriotic Front to disrupt the elections as it had promised to do, means that in the past two months the war has gone the Bishop's way.

It would be wrong to understate the impact of the war on morale, on the economy and—above all—on the rate of white emigration. The continued call-up of whites probably does more to upset morale and stimulate white emigration than anything else. And without the whites to fight the war and maintain the economy, the Patriotic Front would, in all probability, be well on the way to a military victory.

All white men aged between 18 and 59 years now have some form of military commitment. Only a tiny handful of blacks aged between 18 and 25 and with at least three years' secondary education are similarly affected. Recently there have been several public warnings to the incoming Government that this situation must soon be redressed if white emigration is to be curbed, and if the economy is not to suffer increasingly from shortages of skilled manpower.

The economic outlook has brightened with higher prices for metal exports this year—notably copper, gold and nickel—and with growing expectations that there will be a rapid erosion, if not a formal lifting of economic sanctions in the months ahead. Businessmen say that the main constraints on exporting are not sanctions but the war, which denudes the economy of skilled manpower, of transport capacity, and of at least some output from mining and agriculture.

Even if sanctions were to be completely lifted in the next few months, the effect on Zimbabwe Rhodesia's foreign exchange earnings would not be especially great. The physical capacity to produce and move the goods is being severely strained, directly or indirectly, by the war. Furthermore, not even optimists believe that an end to sanctions would quickly result in substantial capital inflows, either private or official. Investor confidence is likely to continue to be depressed until there is real evidence to suggest that the war is coming to an end.

The condition of agriculture gives rise for considerable concern. After a severe drought, and faced with serious security problems caused by the guerrillas, the farmers' morale is low. The recently announced producer prices for crops, and especially for maize, caused a major furore with some farmers threatening not to plant next season's crops, so disgusted were they with the low return they are being offered.

Cost of the war

The farmers have called upon Bishop Muzorewa to renegotiate prices, but with the war costing £750,000 a day and with a 1979 budget deficit of £215m, there is little scope for fiscal manoeuvre.

That draws attention to another of the Bishop's problems: his supporters will want to see results—more jobs, higher pay, more schools, hospitals and clinics, more and better housing and so on. Yet so long as he is constrained by the war on the one hand and by economic sanctions on the other, there is very little he can do to win popular support at home and to demonstrate internationally that he is likely to succeed.

It would be easier for the new Prime Minister if he could rely on a united black political front in Salisbury, but he cannot. Rhodesia's new administration was meant to be a Government of national unity, between the white Rhodesian Front and the black parties which contested the April elections.

But Rev. Sithole's Zimbabwe African National Union, which is entitled to two Cabinet seats, is boycotting Parliament because of alleged election irregularities. A second party, Chief Ndiweni's United National Federal Party, only agreed to participate in the Government at the last minute after a row about the nature of the coalition. It has two Cabinet posts, with 10 going to the Bishop's UANC. Five go to the Rhodesian Front. Mr. Smith is serving as Minister without portfolio, a post clearly designed to counteract international hostility to his continued presence in Government. Bishop Muzorewa is keeping the Operations and Defence for himself, giving him at least nominal control over the war effort.

Within the UANC there is also a major split. As First Vice-President of the party, Mr. James Chikerema is technically the Bishop's immediate deputy, but he heads a dissident group from the Zezuru tribal group. Mr. Chikerema has been excluded from the Bishop's Cabinet, as has another member of his faction, Prof. Stanlake Samkange. One of Mr. Chikerema's close allies, Mr. George Nyandoro, has been given a place in the Cabinet, but not the Foreign Ministry portfolio which he wanted. Whether this will develop into a serious threat to the Bishop's position remains unclear, but the many splits and squabbles within the nationalist parties in the month since the election only serve to deepen white concern about the apparent inherent instability of national politics.

Unstable though the ruling alliance may look, the Rhodesian Front and the UANC need each other desperately and it is therefore likely that they will co-exist without any great difficulty. The danger for the Bishop is that he will lose grass roots support, and the prospect of international recognition, by striving too hard to maintain a relatively amicable coalition with the RF.

The war remains the key. If it continues at its present level, exacting a heavy toll from the economy and driving out more and more disillusioned whites, the Bishop's Government is unlikely to last the pace.

If, as UANC leaders claim, many guerrillas are on the point of accepting the new Government, then the most important variable of all in the equation may be starting to change for the better. But it is a very big if, and in the history of guerrilla warfare there are very few precedents to suggest that such a favourable change is likely.

MEN AND MATTERS

Keeping up with Sam

Their Uncle Sam, architect of the Seagram drinks empire, would have been proud of the boys. Peter Bronfman and his brother Edward are fighting for control of Brascan with a vigour which Sam—no slouch at corporate power struggles—would have respected. Their daring share raid played a large part in frustrating the Canadian company's own bid for F. W. Woolworth of the U.S., and they are now bidding for outright control of Brascan via a vehicle two-thirds owned by their own company, Edper Investments.

It is heady stuff for a pair who until recently were known to most people as "the other Bronfmans." They are not exactly poor relations—a recent estimate put the value of their commercial empire at around £1bn. But the real inheritors of the legendary Sam Bronfman's mantle are his sons, Edgar and Charles, who hold the top positions (plus a large block of shares) in the Seagram Company, the world's largest producer and marketer of distilled spirits and wines.

Sam made sure of the succession — he ruthlessly cut his brothers and sisters and all their children out of any significant participation in Seagrams. In 1969, two years before his death, he is said personally to have disconnected Peter and Edward's office telephones from the Seagram switchboard.

Edgar and Charles are richer than their cousins. They each own 30 per cent of Cemp Investments—their sisters own the rest — which is believed to control assets of at least £2bn, and has the financial muscle to match its owners' ambitions. "Listen, Leo," Edgar told his money manager in 1967. "Have you got any money? I just bought $40m of MGM stock."

The foundation for this great empire was laid by Sam, who with his three brothers built Seagram more or less from scratch. Not to put too fine a point on it, the Bronfmans showed a remarkable flair during the early days, for adapting to the Canadian and U.S. prohibition laws. When chemists were allowed to sell liquor, for instance, the Bronfmans immediately formed the Canada Pure Drug Company.

Years later Seagrams published an official history. Sam commented drily: "If I only told the truth, I'd sell 10m copies."

Once prohibition ended, the Bronfmans opened up the U.S. market. They did it alone, too. In what can be described as the worst day's business the distillers of Edinburgh ever did, the Distillers Company frostily turned down an option on partnership.

Grabbing a share

Some shareholders are clearly feeling the pinch of dividend controls. At a reception after the Francis Industries annual meeting earlier this week an elderly, elegantly - dressed woman caused something of a stir by shovelling crisps, peanuts and cigarettes into a Harrods bag. Unabashed by the forest of raised eyebrows this occasioned, she then demanded admission to lunch with the board. She had, she explained, travelled all the way from South Africa and the least the chairman could do was offer her a meal. Anxious to avoid a scene, the chairman arranged a table in the hotel restaurant and paid the bill. "A lot of shareholders go round doing this sort of thing," a company spokesman told me blandly.

Going for a birdie

The grisly tale of a golfer and a goose, which has fascinated Washington, is to be given a full airing in the U.S. courts. What is not in dispute is that on the 17th green of the select Congressional Country Club course a local physician, Sherman Thomas, did beat to death with his putter a Canada goose, a protected species and one of a pair nesting around the club's lakes.

There are two versions of why he did it. The first, the doctor's, is that his approach shot to the 17th inadvertently struck the bird, that he quickly ascertained it was mortally wounded, and that he used his putter to end its misery. The second is that he was bending over a putt on the 17th when the goose honked, that he missed the putt as a result and, in a rage, slew the bird with the aforementioned putter.

This put the board of the Congressional Club, favourite retreat of Washington's rich and powerful, in something of a quandary. However, Thomas's lawyer intervened and won a court injunction temporarily preventing the club from acting in the case and possibly expelling him. Some indication of what is at stake is the fact that the lawyer is a veteran of Watergate, the man who defended John Dean.

The latest twist is that the Federal Fish and Wildlife Service has charged the doctor with killing a goose out of season, and with illegally possessing a Canada goose. The action is being brought partially under the Migratory Bird Treaty Act, which specifies what sort of weapons can be used to hunt geese. It makes no mention of a putter.

Licking opposition

Life is once more imitating art, or at least satire, in American politics. For the last couple of years Private Eye has mysteriously referred to the ubiquitous presence of a Colonel Sanders at the heart of the Carter Administration. Now the real power behind the Kentucky Fried Chicken Empire, John Y. Brown, has actually won the Democratic Party's nomination in the Governor's race. In Kentucky (where else?)

The legendary, octogenarian Colonel Sanders, with his secret herbed recipe, has long been consigned to the front man's role by John Y. Brown, who, far from being white-bearded and folksy, is dashing and trendy, with a brand new ex-Miss America wife.

Stormy weather

Living up to company traditions, the Lonrho subsidiary Tradewinds is to fight the Civil Aviation Authority's refusal of a licence for a scheduled service into Egypt and the Sudan. Chairman Charles Hughesdon refers scathingly to the CAA's fear of "international implications" and says he will appeal against the decision: "The application was objected to only by British Airways. My belief is that a desire in official circles to protect British Airways is the true reason for the rejection."

One reason Tradewinds is anxious to get on to a scheduled basis is a worry that the Sudanese are about to step up the existing 10 per cent royalty on foreign non-scheduled flight revenues. "If our appeal fails it will be a black day for commercial enterprise," says Hughesdon in characteristic Lonrho vein. Tradewinds is mainly transporting agricultural plant, for which it says British Airways does not have the capacity.

Sugaring the axe

Malcolm Fraser's Australia has given birth to a highly-original euphemism—one of which even Whitehall would be proud.

The Federal Government in Canberra has a Thatcher-like enthusiasm for thinning out officialdom, at present reacting with predictable ferocity to the Commonwealth Employees (Redeployment and Retirement) Bill. The most controversial part of this legislation provides for "management - initiated retirement," or as the Australian Express indelicately puts it, the "fat cat sack plan."

Observer

POLITICS TODAY

The Paris-Bonn-London triangle

MRS. THATCHER goes to Paris next week for talks with President Valery Giscard d'Estaing. It will be her first trip abroad since she became Prime Minister. There is every indication that President Giscard will treat the visit as an opportunity to open the books on Anglo-French relations and to get off to a new start. No subjects will be barred, and it will be implicit that relations between the two countries are not confined to bilateral issues. What is really at stake is the role of Britain and France in Europe and the role of Europe in the world.

Mrs. Thatcher has already made an encouraging beginning in these matters. The strength of her defence and foreign policy team seems to be widely appreciated on the Continent, as it is in the U.S. Moreover, her talks with Chancellor Schmidt in London just after she took office were by all accounts a great success. Herr Schmidt is said to have gone away remarking that if only the West German Christian Democrats were led by someone more like Mrs. Thatcher, his own Social Democrats would find it much harder to remain in power. Indeed the similarities between Herr Schmidt and the British Prime Minister are quite striking. In the old days Herr Schmidt used to be known as "Schmidt the Lip," and one can still see why. It is a description that sometimes suits Mrs. Thatcher.

In a curious way, Mrs. Thatcher is also probably quite close by temperament to President Giscard. The great distinguishing feature between modern France and modern Britain lies in the social and educational systems. In particular, it lies in the *Grandes Ecoles* which produce the elitist French technocracy. Almost nothing comparable exists in Britain, and Mrs. Thatcher is aware of the deficiency. Yet she also tends to regard herself as about the best that Britain can produce under the circumstances. The product of a grammar school, an Oxford science graduate and a tax lawyer, she has been heard to say: "I am already 75 per cent technocrat." Presumably only the system denied her the remaining 25 per cent.

French example

It was also noticed in France, as it was in Britain, how closely the Conservative election platform seemed to be modelled on the French example. The Tory policy of first raising prices—by increasing indirect taxation and reducing subsidies in order to be better able to control inflation later—has a good deal in common with the general policies being pursued by M. Raymond Barre, the French Prime Minister.

It is true that the Barre plan has lately gone a bit awry and the target of bringing down inflation to an annual rate of 8.5 per cent this year is unlikely to be met. But there are external factors, as no doubt the Tories will also find to their cost. Yet the main point is that the French feel that they have been paid a compliment. Mrs. Thatcher's Government is one with which they believe they could do business, and they are quite remarkably well disposed.

It is also of fundamental importance that it should be possible nowadays for a British Government to have close relations with Paris while maintaining close relations with Bonn. President Giscard is close to Chancellor Schmidt; there is no reason why both should not be close to London. The days when meetings between two members of the London-Paris-Bonn triangle were an occasion for suspicion by the third should be over.

All that should go almost without saying, except that not so very long ago there were people in London who believed that the French and the Germans were deliberately ganging up to push through their own version of the European Monetary System. That was never quite the case. The missing element was really a Britain willing to play a full part in the discussions and a Britain predisposed towards a European success. Yet if we are to believe the foreign policy statements of the new British Government so far, all that has now changed. Mrs. Thatcher and her team actually do want to co-operate with Europe.

Again, it may be objected that the same point could have been made—and probably was—about Mr. Heath when he was Prime Minister. Mr. Heath achieved the most striking accord with President Pompidou and the new Anglo-French understanding was to be the foundation of the new Europe, but it *did* not last. The last European summit meeting which Mr. Heath attended ended in shambles in the wake of the oil crisis in 1973.

Two factors, however, seem to have changed since then. The first concerns defence. The Europe that Mr. Heath and M. Pompidou sought to build was essentially Gaullist in framework and was intended to be independent of the U.S. There was a sharp reminder of those days in an intriguing maiden speech in the House of Lords last week by Lord Carver, the former Chief of the Defence Staff.

Mrs. Thatcher may succeed in achieving a more lasting *entente cordiale* with French leaders than Mr. Heath did in 1971 with President Pompidou (right)

"When the party that is now in office last came into office," he said, "at the beginning of their administration there was a tendency among them to say that the U.S. would tire of her support of the defence of Europe and that we must therefore, particularly in close co-operation with France, try to build up the defence of Western Europe so that it could be independent of the U.S. Under the realities of international politics that idea was pushed further and further into the background during their period of office until, I am glad to say, it finished up more or less under the carpet."

Today very few people see Europe as being primarily concerned with defence, and even fewer of those in power—whether in London or in Paris—regard the defence of Europe as a question to be resolved essentially by Britain and France. There are, of course, defence matters to be discussed, as Mrs. Thatcher will find to no great surprise when she goes to Paris. The future of the British and French nuclear deterrents is one of them, but it is hardly the central issue.

That is the first great change in Europe since the Conservatives were last in office. The second concerns West Germany. A decade ago, the Federal Republic was still in many ways a client state of the U.S. It had few interests outside Europe except in the economic field. The *Ostpolitik* was only just beginning. The country was not even a member of the United Nations.

Yet today it is unthinkable that Britain and France should get together and plan the future of Europe over the West Germans' heads. Indeed during the apparent British retreat from Europe in the past few years, it was the Germans who emerged in Britain's place. It was the Paris-Bonn axis that mattered—not so much because that was what the French and the Germans wanted, but because so often Britain seemed to exclude itself. Yet if the Conservatives mean what they say and Britain is ready to come back, the place is waiting—both in Paris and in Bonn.

It was often said in the past that the only circumstance that would bring Western Europe together would be a blazing row with the U.S. That in many ways was the thesis of Mr. Heath, or at least if there was no quarrel with the U.S., it was necessary to invent one for the sake of European unity. What has happened in practice has been somewhat different. It is the apparent weakness of the U.S. rather than its overbearing strength that has given rise to the European concern. But the conclusion drawn from that is not that Europe must brace itself to go it alone, but that it must stress the interdependence between Europe and the U.S. while finding ways of strengthening itself.

Those are the common themes of Bonn and Paris. It is said that the U.S. has lost the will, if not the power, to intervene around the world. The Soviet incursions into Africa seem to be felt a good deal more deeply in Paris than they are in Washington, or even in London. (The Quai d'Orsay indeed seems to be even more motivated by suspicion of the Soviet Union than does the British Foreign Office.)

It is also alleged that the U.S. has lost the ability to control its own economy: hence last year's dollar crisis and this year's inflation. And, of course, the latest example is energy. It is acknowledged — sometimes — that President Carter may be on the side of the angels, but what can you do with a President who cannot control Congress? Is it just a passing phenomenon, or is there not some evidence that not only is the U.S. losing its power around the world, but that the American Presidency is losing its powers inside the U.S.?

All this, it should be added, is usually said more in sorrow than in anger. It would be quite wrong to say that it has anything to do with anti-Americanism. One of the side-effects, in fact, of President Carter's weakness is that anti-Americanism is dead. But the general feeling comes down to one basic point: what should Europe do about an America that is apparently in decline, that appears to have lost its will to lead or the ability to put its good intentions into effect?

It is here that Mrs. Thatcher comes in again. Europe in this context has meant in recent years mainly France and West Germany rather than the institutions such as the European Community and NATO. But if Britain were in a position to play an active European role, it would be Britain, France and Germany acting together.

Early days

It is early days yet. On the British side all that we have had so far is an expression of the new Government's intentions. On the French and German sides there is a clear willingness to listen and a readiness to take Britain into an informal grouping that would not be directed against the U.S., but which would consider international affairs in a way which took account of what is happening to American power. If Mrs. Thatcher is prepared to discuss these questions with an open mind, she should get on with President Giscard as well as she is said to have done with Chancellor Schmidt.

Ultimately, the role of Britain will depend very largely on what happens to its economy. But if the new Government were to succeed in putting the country's economic house in order, the foreign policy consequences of a Britain that stopped whining about its own special conditions could still be considerable. In all foreseeable circumstances, Chancellor Schmidt should be re-elected next year and President Giscard in 1981, while Mrs. Thatcher appears safe until 198?. The relations established between those three people could be decisive in determining whether Europe is yet ready to take on more responsibility from the U.S.

Malcolm Rutherford

Letters to the Editor

Treasury gets its sums wrong

From Mr. J. Clayton

Sir, — Public expenditure needs reducing more drastically than Peter Riddell indicated (May 26): its volume is, at least, 10 per cent higher than the official estimates he then quoted.

Three years ago, Mr. Healey (in the 1976 Survey) gave a terrifying 60 per cent GDP estimate for 1975-76: that has now been transmogrified, in the latest White Paper, into 46½ per cent GDP "at market prices"; but less than two-thirds of such reduction is justified, a conservative estimate of its then volume being 51½ per cent GDP.

Since the inception of the national income and expenditure Blue Books (more than a quarter-century ago) and of the annual public expenditure surveys (15 years ago) GDP (and expenditure volumes) have been computed "at factor cost," that is, after deducting taxes (less subsidies) on expenditure. In the latest survey, however, they are calculated "at market prices," thus putting public expenditure (with its lower tax content) in a more favourable light.

A more serious revision has been the exclusion of debt interest and the capital expenditure of the public corporations, on the plea that they are financed from trading surpluses. The ultimate implication of such confusion between income and outgo is that the volume of public expenditure is represented by the public sector borrowing requirement! Aside from such nonsense, however, capital expenditure is, clearly, a demand on output; and debt interest (less tax clawback) a transfer payment to the private or overseas sector.

Accordingly, by reference to the Blue Books, I have (see table) set alongside the volume estimates in Table 3 of the latest White Paper, my own (conservative) estimates: and indicated the shortfall of the former.

Ratios of public expenditure to GDP

	"Table 3 at market prices" GDP%	My estimates at factor cost GDP%	Shortfall %
1972-73	39	43½	11.5
1973-74	40½	46	13.6
1974-75	46	50½	9.8
1975-76	46½	51½	10.8
1976-77	44	49½	12.5
1977-78	40½	47½	17.3
1978-79	42	47	11.9

Gross public expenditure in the 1978-79 Budget (including debt interest and the capital expenditure of public corporations but before deducting expenditure and claw-back tax) was £78bn; and my guess is that Sir Geoffrey Howe was faced with an initial total, for 1979-80, of some £87bn — volume of approximately 46-47 per cent GDP.

As a long-term aim this volume must be reduced to 40 per cent: our post-war history is of severe pay disputes whenever the level of consumers' expenditure (privately financed including houses) falls below 60 per cent GDP. It is now 58 per cent GDP—six years ago it was 49 per cent. This reflects the recent severe decline in the living standards of the working population and underlies the present pay demands.

Even if the two major demands on the economy are adjusted to 40 per cent and 50 per cent GDP respectively, this leaves only a meagre 10 per cent GDP for private capital spending. Moreover, such balance is made more tenuous by the decline in net overseas property income from 3 per cent GDP to less than ½ per cent—largely due to the disparity between tax rates paid on income from abroad and deducted from income paid abroad.

The inflation-inducing impact of excessive public expenditure cannot be cured by more income, whether by way of tax, trading surpluses, or "selling the pictures off the walls." It must be tackled at the sharp end — demand: and the reduction ultimately needed is one-eighth—£11bn at current prices.

Jack Clayton.
19, Park Road, Cheam, Surrey.

Sources of revenue

From the Director of Research, ITI Research

Sir,—Anthony Harris always deserves our appreciation for his imaginative and enlightening analyses—but not this time (May 17) when he advocates shifting the tax burden towards companies. Indeed it is astonishing that he should do so at a time when the secular trend in all advanced countries shows a decline in profits with menacing implications for future prosperity.

A recent study by Barclays Bank International in France, Germany and Britain among 360 companies (including many leading European organisations) listed low profits or low retentions as the main reason for the slow-down in product innovation. Worse still; they emphasised that, because retentions are so small, dynamic companies, wishing to expand, are forced to adopt the second best to product innovation which is to expand production capacity. This accounts for much of the excess capacity in Europe today with many disturbing implications.

What is needed now is an educational campaign over the next ten years to demonstrate the wisdom of bringing about a reduction in every form of taxation: not for ideological reasons but simply because of considerations of efficiency and growth. This is the most practical way to sustain our competitive and innovative society. Have not the alternative "solutions" been tried and found desperately wanting over the last decade?

Andrew Tessler.
Silverwood, Park Copse, Dorking, Surrey.

No great loss

From the Editor, Finance-Monitor

Sir,—Both Anthony Jacobs (May 24) and Anthony Harris in the article to which Mr. Jacobs was referring insist on talking about the gross national products of different countries as if they were comparable. For many reasons they are not, and as far as using them as yardsticks, when measuring percentages of tax or public expenditure they are useless, since GNP at factor cost is calculated by deducting indirect taxes and adding subsidies. So if a country has a high rate of indirect tax it would have a lower GNP figure than a country which takes less in this way and consequently it will appear that the former is more highly taxed than the latter. Britain, where indirect taxes are low, therefore has a high GNP figure which makes the total tax take look smaller than it really is.

Having disagreed with Mr. Jacobs on this point I also go on to disagree with his proposal to increase employers' National Insurance contributions. A large proportion of the working force is employed by the state and local government, so in its case the increase would merely be a self-cancelling book transaction. To bring the rates up to European levels would drive marginal firms out of business and raise unemployment. I suggest, in fact, that the reverse of Mr. Jacobs' suggestion is adopted—namely, that employers' National Insurance contributions including the surcharge are abolished altogether. Because of the self-cancelling nature of state and local authority contributions a large amount of this item would cause no loss of revenue. A great amount of the revenue actually lost would be recouped from the taxes on increased profits that the disappearance of NI contributions will cause.

A reduction in employment taxes would reduce the need for employment subsidies, and the cut in the effective demand price of labour would stimulate employment. According to a paper on the subject this would reduce the numbers of unemployed by 450,000 within 15 months.

We may well be on the way to a standard rate of tax of 20p in the £1, as Mr. Jacobs hopes, but not, I suggest, by increasing other taxes.

G. Lee,
Finance-Monitor,
*1, Temple Chambers,
Temple Avenue, EC4.*

Charges of fanaticism

From Mr. D. Watson

Sir,—Referring to Sir Keith Joseph's interruption to Mr. Benn's apologia for State socialism, Malcolm Rutherford states (May 25) that this proves that "behind all the careful reading there lurks a fanatic," and that "these are not the remarks of a reasonable man." What is unreasonable or fanatical in summing up the Soviet system as one based on "evil, totalitarianism, cruelty, and poverty"? These are the characteristic features of the system created by Lenin and Stalin, and nothing essential has been changed since 1953; *la guillotine sèche* of labour camps and psychiatric wards is still cruel and evil, even if less openly bloodthirsty than Stalin's system at the height of its terror.

University teachers of contemporary European history continually face this problem. It is generally agreed that we should use a tone of moral indignation when describing Nazi Germany, but any attempt to introduce an equivalent moral judgment into discussion of the Soviet system, even when dealing with its worst excesses under Stalin leads to a charge of fanaticism.

Perhaps your political correspondent's point is not that he rejects Sir Keith's views about the nature of Russian Socialism, but that such questions are totally irrelevant to the debate about the future of the political and economic system of this country. In that case there seems to be some contradiction when he talks of the "hard Left" and describes Mr. Benn as "at most the Kerensky of British politics." Perhaps the phrases are mere *jeux d'esprit*, but their implication is that there are analogies between the tragic history of Russia and possible developments here. If they are not to occur, it is essential that we are reminded of what a non-capitalist system means in practice. Mrs. Shirley Williams, in a recent TV interview, stated that there were real dangers from the growing strength of illiberal "hard Left" sentiments in the Labour Party. It does not help if reasoned criticism of the Socialist alternative leads to charges of fanaticism.

D. R. Watson,
Department of Modern History,
University of Dundee.
Dundee.

Unpaid tax collectors

From Mr. C. Stenner.

Sir,—Great Yarmouth like all seaside resorts thrives on an influx of summer visitors for its livelihood. For that reason there are many restaurants, guest houses, hotels and public houses. Business is done mainly in cash and for that reason H.M. Customs and Excise are kept more than busy on VAT with the self-employed taxpayers throughout the year. In my opinion it is totally undesirable for large numbers of the public to be made responsible for tax collection. In practice over the last six years I have seen nasty incidents develop locally and noted dangerous relationships being built up between Customs officials, taxpayers and their advisers. Officials appear to have wide sweeping powers which have been used on more than one occasion to interfere with a person's private affairs.

Undoubtedly those responsible for creating the legislation which leads to these undesirable situations are so far removed from reality that no harm I hope can be done by my bringing the effects of their legislation to their notice.

There is an answer to this very real problem and that is, if we have to have VAT at all, raise the exemption limit from £10,000 to say £100,000 or even £250,000 and adjust the VAT rate accordingly. Is it a case of 20 per cent of the total VAT income being collected by 80 per cent of the total taxpayers? Even if it is not let us hope that in the end common sense will once again prevail and harmony can be restored.

Charles Stenner.
*16, Hall Quay,
Great Yarmouth,
Norfolk.*

Canada's votes

*From the Director
The Electoral Reform Society*

Sir,—"Trudeau's election defeat; Joe Clark's triumph" (May 4). What, when Clark's party got 36 per cent of Canada's votes against 40 per cent for Trudeau's? The Conservatives' percentage vote is virtually the same as in the previous election, yet their seats are up from 95 to 136! The Liberal vote is down by only 3 per cent, but they have lost 27 seats. And when the votes by province become available they will undoubtedly show that, as always, the difference between Quebec and the English-speaking provinces is wildly exaggerated.

The British electoral system, by making the northern United States appear totally opposed politically to the south, helped to produce the American Civil War. It is now a grave threat to the unity of Canada.

Enid Lakeman.
*The Electoral Reform Society
6, Chancel Street,
Southwark, SE1.*

Today's Events

GENERAL

UK: Electricity prices rise by 8.6 per cent and gas prices by 8 per cent.

ICI and Fisons increase fertiliser prices.

Association of Chief Police Officers conference, Harrogate.

Decision expected on Wellington Hospital extension, London.

Sir Kenneth Cork, Lord Mayor of London, attends Distillers' Company dinner, Mansion House.

Electric Vehicles Association lunch, London.

Photographic exhibition of battleship history opens, Imperial War Museum (until February 28, 1980).

Model Railway Exhibition opens, Arnhem Gallery, Croydon (until June 3).

Summer Exhibition opens, Royal Academy of Arts (until August 12).

Open Air Theatre Season starts in Regents Park (until August 25).

Overseas: Oil prices released from control in U.S.

Power transferred to black majority in Zimbabwe-Rhodesia.

French Premier Raymond Barre confers with West German Chancellor Helmut Schmidt in Bonn.

Cuban Foreign Minister Isidoro Malmierca Peoli talks with Foreign Minister Hans-Dietrich Genscher in Bonn.

COMPANY RESULTS

Final dividends: Normand Electrical Holdings. Wettern Brothers. Interim dividends: Nottingham Brick. Reliant Motor Group.

COMPANY MEETINGS

Bestobell, Stoke House, Slough, 11.00. J.B. Holdings, Charing Cross Hotel, WC, 12.00. Lec Refrigeration, Shripney Works, Bognor Regis, West Sussex, 11.30. Steel Brothers, Sondes Place, Westcott Road, Dorking, Surrey, 12.15. Ultramar, Winchester House, 100 Old Broad Street, EC, 11.30. Watts, Blake, Bearne Manor House Hotel, Moretonhampstead, Devon, 12.00.

LUNCHTIME MUSIC. London

Royal Engineers (Aldershot) band concert, Tower Place, 12.00 to 2.00.

Organ recital by Christopher Dearnley at St. Paul's Cathedral, 12.30.

Piano recital by Marian Friedman, St. Martin-within-Ludgate, 1.15.

Thos. Borthwick rises by £3.4m at six months

WITH its mainstream meat business performing well, **Thomas Borthwick and Sons** reports taxable profits well up from £2.2m to £5.64m for the six months ended March 31, 1979, on a £74m boost in turnover to £278m.

For the previous year a £4m second half lifted profits to £6.22m—a peak of £8.1m was achieved in 1975/76.

Mr. W. A. Bullen, the chairman, says the results for the first half are encouraging with the anticipated profitable Australian and New Zealand beef sales in the U.S. having been attained.

He adds that good beef sales more than compensated for the disappointing sales of New Zealand lamb in the UK, which were expected.

"We should see better market conditions for lamb in the second half of the year," he says.

	1978-79 £000	1977-78 £000
	Six months	
Turnover	278,000	204,000
Profit before tax	5,636	2,200
Taxation	2,923	1,480
Net profit	2,713	720
Minority interests	87	*168
Extraordinary debits†	309	8
Attributable	2,317	880
Dividend	1,084	1,082
To reserves	1,233	‡202

* Loss. † Exchange loss on translation net current assets of subsidiaries. ‡ From reserves.

Stated earnings per 50p share are nearly trebled at 5.82p (1.97p) and the interim dividend is maintained at 2.4p net—last year's final payment was 3.8p.

A fire at the group's Waitara works in April will have no adverse effects on business, Mr. Bullen states. The new beef complex was untouched, and the chairman says that the rebuilding needed at the works is expected to be completed in time for the next lamb season.

Shortly after the end of the first half a A$4m beef slaughtering and processing facility was completed at Mackay, Queensland. "This will allow us to increase our share of cattle purchases in one of the best livestock areas in Australia."

The new businesses retained from the acquisition of Matthews Holdings are fully integrated and performing in accordance with growth objectives.

The flavours division prospects continue to be most encouraging, the chairman says, and retail butchers operations in Britain and France have made a good contribution to the half year. "The outlook for them appears bright."

Industrial catering is now moving ahead after earlier difficulties, he said, and directors see this activity becoming increasingly important to the group in the future.

Midland Cattle Products continues to perform above the industry's average, Mr. Bullen says, and is giving a good return on capital despite the continuing national shortage of raw material.

The directors consider that sufficient influence is exercised over Stanbroke Pastoral Company Proprietary—a 36.1 per cent stake is held—to classify it as an associate. The group's share of profits in Stanbroke for the six months to December 31 1978 amounted to £529,000, from which a £216,000 dividend has been received.

Due to a revaluation of fixed assets as at September 30, 1978, depreciation charge for the six months to March 31 has increased by some £550,000 to £3.14m.

See Lex

HIGHLIGHTS

MEPC has produced its expected rights issue and Lex looks at the reasons behind the cash call which follows two other recent rights issues from the property sector. **Thomas Borthwick** appears to be in a period of rapid recovery from its recent problems and after the big rise in first half profits the immediate future looks promising. Elsewhere Lex looks at the moves by **Furness Withy** to repel the **Eurocanadian-KCA** boarding party, and the latest development in the Canadian takeover battle in which the Bronfman family has renewed its offer for control of **Brascan**. **Caper-Neill's** 6 per cent improvement in pre-tax profits looks good news in the face of earlier cautionary warnings and **UBM's** results are slightly above market expectations with full year profits of £7m now looking possible. **Time Products** figures are at the top end of market expectations and **East Midland Allied Press** has broken through the £2m mark. **Coalite** has staged a second half recovery, but on a less happy note **Associated Fisheries** has finally decided the fate of its Australian operations by bringing in a receiver.

Strikes hold back Hay's Wharf to £2.26m at midway stage

MARGINALLY HIGHER profits are reported by **The Proprietors of Hay's Wharf** for the half year to March 31, 1979 But the results are below forecast.

The taxable surplus stood at £2.26m, against £2.2m, on turnover 7 per cent higher at £30.6m.

The directors say profit shortfalls were brought about by secondary picketing of important sections of the company's business, the road haulage strike and other industrial disputes.

However, the shipping companies all earned higher profits and exceeded their budgets, as did the companies engaged in providing business services and in property investment.

The set-back in profits is now being made good, the directors say, particularly in Scotland where the company was worst hit. They hope that, by the year-end, the company may have recovered the shortfall in earnings and profits experienced in the winter. In 1977-78, the taxable surplus was £4.55m.

Stated earnings per £1 share are virtually unchanged at 11.93p (11.9p). The net interim dividend is lifted 10 per cent to 1.72p (1.564p)—last year's total was 5.515p.

Depreciation rose from £799,000 to £1.05m. The directors explain that freehold buildings used for trading purposes were depreciated for the first time at £120,000 in line with SSAP 12. Freehold properties held for investment have not been depreciated.

	Half-year 1978-79 £000	1977-78 £000
Turnover	30,600	28,600
Trading profit	4,232	3,618
Depreciation	*1,051	799
Interest	920	630
Share of associates	72	22
Profit	2,293	2,211
Pre-operational int.†	29	10
Profit before tax	2,264	2,201
Tax	178	149
Net profit	2,086	2,052
Pref dividends	45	45
Ordinary dividend	296	267

* Includes £120,000 freehold buildings. † And other costs relating to new trading projects.

Tax took £178,000 compared with £149,000—SSAP 15 has been adopted and comparisons adjusted.

The directors say the programme of surplus properties realisation is continuing and leasehold premises at Greenwich were disposed of at a satisfactory figure.

The group provide general and security storage, transport and distribution, bottling, export packing and tanker brokering services, and operates shipping and lighterage fleets.

Knott Mill back to profit

With a £43,000 profit in the second half, against a £102,000 loss last time, **Knott Mill Holdings** turned in a taxable surplus of £4,000 in the year to February 26, 1979, compared with a deficit of £182,000 previously.

At midway, there was a loss of £39,000 (£80,000).

Turnover for the year rose from £4.49m to £6.84m. Tax took £34,000 (£30,000). There is an extraordinary credit of £167,000, compared with a £48,000 debit. Profits were struck after interest

Trevor Humphries

Mr. John Young, chairman of Young and Co.'s Brewery, with one of its horse-drawn drays

Young's Brewery steady at £1.65m

Taxable profits of **Young and Company's Brewery** rose £70,000 to £1.65m in the year to March 31, 1979. Sales for the period rose from £17.64m to £19.18m.

At midway the surplus was almost static at £887,000. The directors then said that beer sales were down but were currently improving. A poor summer, fierce competition and brewery development delays all affected progress.

The year's pre-tax profits were struck after an exceptional debit of £16,267, compared with a £42,083 credit.

Tax takes £155,893 (£428,936), and stated earnings per 50p share are up from 18.27p to 22.96p.

The final net dividend of 1.8223p lifts the total from 3.1779p to 3.5223p.

The company has changed its accounting policy for deferred tax and the comparative figures have been adjusted.

Dentsply loses over £3m as equipment side slumps

LOSSES BEFORE tax of **Dentsply**, a subsidiary of **Dentsply International** of the U.S., increased sharply from £666,000 to £3.11m in the year ended November 30, 1978. Turnover amounted to £21.35m, compared with £51.19m previously.

The year's trading loss was £1.49m, against profits of £2.22m in 1976-77.

At midway, the group had incurred trading losses of £383,000 (£1.33m profit). The directors said although second half results were expected to show a reduction in the rate of trading loss, it was unlikely that full benefits of corrective action would be seen until the second half of 1979.

Tax takes £77,000 (£127,000 credit)—in the previous year there was an extraordinary credit of £1.09m.

Comparisons have been adjusted for an exchange loss arising on an incorrect currency translation of group indebtedness at November 30, 1977 amounting to £226,000. The turnover comparison is stated after adjusting for the turnover of overseas subsidiaries, the disposal of which was reported in the 1977 accounts.

The board states that in a period of continuing inflation the group, in common with others in the dental field, found it difficult during 1978 to expand in markets still affected by the world economic situation.

The equipment division continued to incur substantial losses during 1978 which offset the profitability of other divisions. Action was therefore taken to reduce manning levels, improve productivity and generally take measures to restore the profitability of this division.

This change took place in 1978 and, if first quarter trends continue, the restructured equipment division, following the successful introduction of the Arena range of equipment, will contribute to group profitability in 1979.

Turnover of another subsidiary, **AD International**, amounted to £11.78m for 1978-1979 but a loss of £579,000 was incurred before a tax charge of £355,000.

No preference dividend payment is being made.

The directors say that due to reconstruction referred to in the 1977 accounts, the results now reported are not comparable with those of the previous year.

For 1976-77, a pre-tax loss of £142,000 was reported from turnover of £15.15m.

REPORTS TO MEETINGS

Coral explains casino slump

THE SLUMP in **Coral Leisure Group's** profits from casinos last year was the result of the "mistake of not seeing changes in the market." Mr. Nicholas Coral, the chairman, told a shareholder at yesterday's annual meeting.

Later he explained that the group had not put sufficient effort into identifying casino markets last year, but so far this year casino profits were up by comparison with the same period last year.

The results would not, however, show through until the second half because of the heavy losses to be borne on the newly acquired leisure businesses in the first half.

The split between the two halves would be even greater this year than the £7½m/£15m revealed last time. Pontins, for instance, was carrying losses of £3m at present in the run up to the summer season, Mr. David Spencer, the financial director, explained.

The hotel side showed a similar pattern. January and February were traditionally poor months, but this year they had been worse than ever for the hotel trade as a result of poor weather and industrial unrest which held down foreign bookings.

Mr. Coral told shareholders that planning permission had now been obtained for the $80m casino/hotel project in Atlantic City, New Jersey, which was being undertaken by Ritz Associates. Coral owns 30 per cent of Hardwicke which in turn had just over 50 per cent of Ritz. Hardwicke was to be deemed an associate company in Coral's current year and profits would be consolidated.

At other annual meetings, chairmen reported as follows:

Pentos—Mr. T. A. Maher said overall in 1979 he expected sales of around £75m compared with £55m in 1978. Two years ago when the company had just announced sales of £36m for 1976, he stated that as a longer term objective, he was looking to achieve sales at a level of £100m within the next five years. The aim now was that this objective would be met in 1980, a year ahead of plan.

Blue Circle Industries—Sir Rowland Wright said in general the board saw little prospect of significant real growth in UK cement demand in the immediate future. However, after four years of declining sales there provement in the years ahead, but at rates much lower than in the past.

He said this presented the company with a major challenge to maintain the effectiveness of its business by constantly increasing the efficiency of its manufacturing and distribution operations, and improving services to customers. As an example he said the company was proposing to spend during the current year £35m in the UK, most of which would be on cement activities.

New opportunities were being sought for the new cement activities and he was confident these would make an increasing contribution to group profits in the future.

Overseas growth in earnings was expected to continue. The company had embarked on several major projects which would require substantial financial and managerial investment, but he was confident that these requirements would be met. Most of the funds would be raised by the various companies overseas, while further opportunities for overseas investment were also being actively studied.

E. Fogarty and Co.—Mr. Robert Fleet, said proposals for a capitalisation of reserves were being formulated. Of the first five months of the current year, he said any loss of turnover had been made up. The company was on target for a further increase in sales and profits as forecast.

UBM 67% higher at £6m and optimistic this year

FOLLOWING THE midway jump from £1.59m to £3.38m, taxable profits of **UBM Group** rose by 67 per cent from £3.61m to £6.01m for the year ended February 28, 1979 on sales 28 per cent higher at £246.7m. And the directors are optimistic about current year results.

Mr. Michael Phillips, the chairman, states that results for the opening months are encouraging with sales and profits well ahead of the corresponding period last year.

The results now reported include a full year contribution from the Ford motor dealerships purchased last September of £26m sales and £0.4m profits—on a comparable basis group sales increased by 15 per cent and pre-tax surplus by 55 per cent.

Generally trading conditions were favourable during the year, but the second half was badly affected in January and February by industrial disputes, and by the severe weather which seriously disrupted trade.

Substantial losses were made by the engineering and contract window businesses which affected the year's results. Both of these subsidiaries are in the process of being sold or closed and provision for terminal losses and closure costs has ben made in the accounts.

Had it not been for these factors, profits for the year would have been significantly higher, Mr. Phillips says.

For the first time in recent years, a considerable increase in sales volume was achieved by the builders' merchants division and profit margins improved substantially.

Once again the performance of merchanting companies varied, but all achieved higher sales and profits. The group was encouraged by the benefits from the substantial investment in data processing and distribution systems.

The motors division had another excellent year in spite of the nine weeks Ford strike in the autumn, and the interruption in the supplies of vehicles and parts in January and February, the chairman reports.

As part of the group's corporate strategy a review has been carried out of the activities outside the group's five main divisions. Many of these activities are profitable but are not large enough or do not have the potential which, in the directors' view, would justify their retention.

It has therefore been decided to dispose of these businesses, and where they are neither profitable nor saleable, to close them down. This programme is well under way and will be completed by the autumn.

After a 1978-79 tax charge at 28 per cent (38 per cent) of £1.68m (£1.37m) and extraordinary debits of £880,000 against £111,000 credits, available earnings were ahead from £2.35m to £3.45m.

Earnings per 25p share are given up from 5.2p to 8.8p, while the dividend total is lifted to 4.73p (4.3p) net, with a 2.76562p final. Retained profits emerged at £1.12m, compared with £0.41m.

Depreciation was provided for the first time on freehold and long leasehold property and amounted to £289,000.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Thos. Borthwick	int.	2.4	July 6	2.4	—	6.2
Capper-Neill		2.01†	—	1.05	3.18	2.12
Chapman (Balham)		2.72	July 26	2.45	4.34	3.92
Coalite and Chemical		2.04	July 30	1.84	3.07	2.78
Dubilier	int.	0.59	July 20	0.53	—	1.1
EMAP		1.16	—	1.15*	2.32	2.08*
English and Intl.		3.2	July 20	2.75	4.25	3.8
Govett European	int.	1.8	July 6	1.8	1.8	1.8
Hay's Wharf	int	1.72	July 27	1.46	—	5.53
Headlam Sims		1	—	0.73	1.7	1.23
Philip Hill		6.4	July 30	5.4	9.15	7.9
Kelsey Inds.	§int.	1.5	July 13	1.25	—	3.61
Kitchen Queen	int.	0.54	July	—	—‡	—
M & G	int.	2	June	1.51	—	3.86§
MEPC	int.	1.5	July 16	1.5	—	3.83
Time Prod.		4.81†	—	1.25	5.28*	1.7
UBM Group		2.77	July 20	2.51	4.73	4.3
Young's Brewery		1.82	—	1.58	3.52	3.18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of 1.34p forecast in November, 1978 prospectus. § Final of 0.25p now recommended. ¶ To reduce disparity.

● comment

UBM's pre-tax figure is slightly above market expectations. At the halfway stage, a strong profit surge suggested that a full year result of around £7m was possible. But the bad weather and the lorry drivers' strike forced market estimates down to around £5.5m. The actual amount is £6m. The weather and the strike are estimated by the company to have knocked around £1m off the total and losses from the contract window and engineering businesses were around £900,000. On the builders merchanting side there was volume growth of around 8 per cent. Margins edged up a little although the overall figure for the group, 2. per cent, is still a little low. The motor division which chipped in around £45m in sales—had a good year and could have done even better but for the Ford strike. The current year has started well but the group is vulnerable to any changes in the level of disposable income. The shares closed at 78½p for a stated p/e of 8.3 and yield of 7.1 per cent.

Chapman (Balham) recovery

TAXABLE PROFITS at **Chapman and Company (Balham)**, envelope maker, have recovered from two depressed years, and have risen from £343,000 to £882,000 for the 53 weeks ended March 31, 1979.

At the interim stage profits had climbed back from £42,543 to £407,625 and the directors said that indications were that this recovery was continuing.

Profits had fallen from a peak £1.2m in 1975, to £1.1m the following year and to £371,077 in 1977.

Tax for the year took £329,000 (£126,000) and the dividend is stepped up to 4.341 (3.924p) net per 50p share with a final of 2.715p.

after a £640,000 provision for payment of compensation on the termination of an overseas distributor contract.

Profit for 1977 was £1.6m (£1.69m).

Hill Thomson at £138,000

Turnover, including duty, of **Hill Thomson and Co.**, Scotch whisky concern, was £4.68m for the 26 weeks to January 26, 1979, and pre-tax profits came out at £138,000.

For the preceding seven months—to July 31 1978—turnover was £6m and the group incurred a taxable loss of £142,000

Home service insurance shows steady progress

Sound progress in 1978 by home service insurance is reported by Mr. Nevil Carroll, chairman of the **Industrial Life Offices Association**.

Mr. Carroll says total long-term premium income from all sources rose last year by 12.6 per cent to £1.42bn and general premium income by 11.4 per cent to £594m

Home service insurance is the name given to those insurance companies which transact insurance business, both life and non-life, by agents calling at the homes of policyholders.

But the business transacted by these companies, which includes such names as Prudential Pearl and Co-operative Insurance, includes ordinary branch business and general insurance as well as industrial branch contracts where premiums are paid weekly or every four weeks.

The report shows that industrial life business is still a major force in the UK life assurance industry. Premium income on this type of business in 1978 rose by 11.7 per cent to £573.4m and investment income by 14 per cent to £352.9m.

But the growth on ordinary branch business was more spectacular with regular premium income up by 14.9 per cent to £712.8m and investment income 15.3 per cent higher at £473.5m.

Payments to policyholders were higher in 1978 rising by 4.6 per cent to £381.9m in the industrial branch and by 10 per cent to £456.5m in the ordinary branch.

The total new saving resulting from the operations of these home service companies in 1978 amounted to £896.8m—£280.4m from the industrial branch and £616.4m from the ordinary branch. At the end of the year total industrial life funds stood at £3.63bn and ordinary life funds at £5.46bn.

Continued growth and investment

Increased Trading Profit

The creation of International Thomson Organisation Ltd. will not only enable your Group to continue its strong growth in the United Kingdom, but also create the opportunity to compete on more equal terms with companies based in the United States and in other countries in developing our interests outside the United Kingdom.

Group trading profit showed very substantial growth to which most of the operating companies made significant contributions. Newspapers, publishing, information services, Yellow Pages and travel achieved net sales of £390.7m, some £54.5m higher than the previous year. Trading profit from these was £36.2m, some £12.6m higher after taking into account the cost of £4m arising from the suspension at Times Newspapers.

North Sea interests achieved trading profit of £109.9m, some £28m higher than last year, and after petroleum revenue and corporation tax, earned net £32.5m.

Group trading profit was £146.5m giving earnings of £44.1m and fully diluted earnings per share of 31.7p.

What could have been an exceptional year was severely affected by industrial disputes, principally at Times Newspapers but also at Thomson Regional Newspapers.

Prospects for 1979

The first three months of the year showed satisfactory performance except for Times Newspapers, where losses were incurred. At the time of writing the results for Times Newspapers for the year as a whole cannot be predicted with reasonable accuracy.

Although the Group expects further growth in revenues and trading profits in the principal areas of activity in 1979, the cost of the suspension at Times Newspapers and the uncertainty as to the level of taxation of oil profits make it difficult at present to make any prediction as to the level of earnings for the year.

Plans for the Future

The Company's objective is to become a leading international publishing, communications and information business, with strong ancillary interests in leisure and natural resources.

Our present business is strong, efficient and profitable and we anticipate a substantial cash inflow for several years ahead. Revenues from existing oil interests are expected to peak in the next few years and then decline as production falls. Our intention is to invest these funds in our existing businesses and to acquire new ones. We shall be looking for high quality earnings in businesses with strong growth potential. In pursuing this policy we shall be far more concerned to achieve medium and long term objectives than to increase short term earnings.

The reorganization which was carried through last year gives the Group the opportunity to invest anywhere in the world without many of the constraints which in the past have limited our freedom of action. We envisage that the bulk of our investment program outside Britain will be directed to North America and particularly the United States.

Ambitious as our plans may appear for international development, the resources we plan to commit to our existing businesses in the United Kingdom are also very substantial. Our United Kingdom capital spending outside oil over the next five years is estimated to be significantly in excess of £100m. In the North Sea further capital spending will be incurred to complete our existing facilities.

I am confident that all members of International Thomson Organisation will be equal to the challenge that great opportunities present in the future.

The above is a summary of the Annual Report for the year ended 31 December 1978. The full Report can be obtained from the Head Office of the Company at Suite 3515, Royal Bank Plaza, Toronto, Ontario, Canada or from 4 Stratford Place, London W1.

Results at a glance

(millions of pounds sterling)	1978	1977
Net sales	576.7	448.9
Trading profit	146.5	107.2
Earnings before extraordinary item	44.1	38.4
Earnings for the year	44.1	43.6
Earnings per share – fully diluted		
Before extraordinary item	31.7p	27.6p
After extraordinary item	31.7p	31.3p

'Historically, by far the greater part of our business has been in the United Kingdom and this will continue. We have a massive capital spending program in the UK and when the British requirement for capital has been met there will be substantial funds for investment elsewhere.'

THOMSON OF FLEET
CHAIRMAN

National Newspapers

Times Newspapers is the publisher of The Times, The Sunday Times, The Times Literary Supplement, The Times Educational Supplement and The Times Higher Education Supplement. It is owned to the extent of 85% by International Thomson Organisation, the remaining 15% being owned by Astor family interests.

Times Newspapers has a separate Publishing Division consisting of three subsidiaries: Selective Marketplace, Times Books and Newspaper Archive Developments, specializing respectively in reader offers, and the publishing of books such as The Times Atlas and microfilm.

Regional Newspapers

Thomson Regional Newspapers is a holding company, whose subsidiaries publish regional newspapers in the United Kingdom, act as retail newsagents, provide newspaper consultancy services and engage in newspaper and general printing. The Regional Group publishes fourteen morning and evening titles, one Sunday and thirty-five weeklies from fourteen centres.

Among the Group's publications are The Scotsman and The Western Mail, the national morning newspapers of Scotland and Wales respectively, and The Belfast Telegraph, the largest newspaper in Northern Ireland.

Publishing and Information

Thomson Publications operates in three main divisions, Books, Magazines and Data. The Books Division includes such well known imprints as Thomas Nelson, Michael Joseph, Hamish Hamilton, Rainbird and Sphere Books. The Magazine Division publishes a range of titles as diverse as the Illustrated London News and the Common Market Law Reports, Family Circle and Living and a number of trade and technical publications covering farming, medicine, construction and many other activities.

The Data Division includes Derwent Publications (75% owned) which provides an information service primarily in the field of chemical patents, and Glass's Guide (51% owned), the guide to used car prices. Thomson Publications has a number of interests in Australia, Canada, Denmark, Holland, Norway, South Africa, Spain and the United States.

Thomson Yellow Pages acts as sales agents for advertisements in Post Office telephone directories.

In March 1979 the Group acquired Callaghan & Company, an eminent legal publisher based in Chicago.

Proposals are being put before shareholders for the acquisition of Wadsworth, Inc., a leading college textbook publisher in the United States, based in San Francisco, California.

Travel

Thomson Travel is the controlling company of the travel division and, through Thomson Holidays, is a major tour operator providing a wide range of package holidays including not only sunshine holidays in Mediterranean resorts but also tours to many European cities as well as to Russia. In addition it has an attractive winter sun and sports program.

It runs its own airline, Britannia Airways, which currently operates twenty Boeing 737s and carries not only for Thomson Holidays but for other tour operators. In addition, Thomson Travel operates a number of hotels notably in Spain and Malta and is involved in travel retailing through its subsidiary, Lunn Poly.

In the United States, a team of senior executives from Thomson Holidays have set up Thomson Vacations Inc. in Chicago and this autumn will be launching a first program of 30,000 holidays.

Other Activities

Other principal subsidiaries of International Thomson Organisation include Thomson Withy Grove, a major printing centre in Manchester, which is responsible for printing under contract the northern editions of certain national newspapers as well as for the publication of The Sporting Chronicle and its associated weekly racing papers.

Associated companies of International Thomson Organisation include Wigham Poland Holdings, The Solicitors' Law Stationery Society and Bertelsmann-Thomson Fachverlag.

Oil

Thomson North Sea is a subsidiary of International Thomson Organisation and holds a 20% interest in the Piper and Claymore Fields as a member of the Occidental Consortium. The two fields together have been independently certified as containing proven recoverable reserves of one billion barrels. The Piper Field came on stream in December 1976 and Claymore in November 1977.

The Occidental Consortium with BNOC holds interests in Fifth and Sixth Round licences, the latter being at this stage conditional.

The development of our natural resources interests in North America has been launched through a subsidiary in the United States, Thomson Petroleum Holdings Inc., which has entered into a partnership, Thomson-Monteith, for investment in oil and gas onshore.

International Thomson Organisation Ltd.

Suite 3515, Royal Bank Plaza, Toronto, Ontario, Canada.

MEPC ahead at midway: rights raising £36.3m

ANNOUNCING details of a rights issue to raise some £36.3m the directors of MEPC also report an increase in pre-tax earnings from £4.4m to £6.27m for the half year ended March 31, 1979.

And the board expects that pre-tax earnings for the second half, before taking account of the return from the rights issue proceeds, will be no less than the first six months. For the year ended September 30, 1979, pre-tax earnings totalled £10.28m.

A maintained interim dividend of 1.5p per 25p share is now declared and a final payment of 3.25p on increased capital is forecast to make 4.75p for the current year against 3.8285p—Treasury consent has been indicated.

Earnings per share for the first half are stated at 3.32p against 2.14p and 2.94p (1.99p) fully diluted.

The directors say the first half results reflect increased income, mainly from growth of rents from investment properties in the UK.

During the past six months progress has been made with the major shopping and office developments in Oxford Street, in Guildford and also at Parkdale Plaza, Minneapolis.

Directors are also engaged on further development schemes for sites already owned and are continuing to refurbish properties held in the investment portfolio as opportunities arise.

The directors say there was the need to consider raising long term capital.

A rights issue would reduce the ned for other means of finance which could involve disposal of the group's assets or high long-term fixed interest rates or medium term debt involving fluctuating interest rates.

The issue will also enlarge the group's equity base thus allowing the board greater flexibility in future financing.

Existing ordinary holders and holders of the 5 per cent convertible unsecured loan stock 1989-94 and the 6½ per cent convertible unsecured loan stock 1995-2000 registered May 21 1979 will be offered 24,393,366 new ordinary shares at 154p per share, payable in full on acceptance, on the following bases:—

One new ordinary share for every six ordinary.

One new ordinary share for every £7.5724 nominal of 5 per cent stock or one now ordinary share for every £19.80 nominal of 6½ per cent stock.

The convertible unsecured loan stock holders thus participate in the rights issue as if they had exercised their conversion rights in full.

The new ordinary will not rank for the interim dividend but will, participate in full for all dividends payable on the ordinary shares thereafter including the final dividend in respect of the current year.

Arrangements to underwrite the issue have been made with Hill Samuel and Co., and Morgan Grenfell and Co.

	Half year 1979 £000	Half year 1978 £000
Gross rental inc.	24,470	20,600
Trading profit	281	1,042
Other income	1,542	2,273
Property outgoings	9,924	8,415
Finance cost	12,015	12,329
*Transfer	1,915	1,230
Earnings before tax	6,269	4,401
Tax	2,340	2,025
Net earnings	3,929	2,376
Minorities	125	54
Pref. dividend	34	34
Attributable ord.	3,770	2,288

* Amount equivalent to interest and other outgoings applicable to development properties.

See Lex

Capper-Neill tops £5.5m despite difficult trading

PROFITS before tax of Capper-Neill increased from £5.23m to £5.54m in the year ended March 31, 1979 on higher turnover of £89.9m compared with £69.13m.

The directors consider the profit increase as satisfactory in a year "that has been far from easy for the engineering industry."

A better trading performance in the difficult UK market sectors is beginning to show and with continued expansion overseas, the directors view the trading future with confidence.

Earnings per share are shown at 18.28p against 19.43p. As forecast at the time of last November's rights issue, the final dividend is 2.01p on increased capital making a total of 3.1825p compared with 2.1242p previously.

And the board re-affirms the expectation that dividends totalling 6p gross will be recommended for the current year.

Export sales reached a record £31.34m, an increase of 31.79 per cent over last year's figure.

Site construction of process plant, especially overseas, continues to be the major trading activity maintaining a satisfactory level of profitability, the directors say. In certain difficult UK trading areas, profits from several factory-based activities were adversely affected by tight margins and national industrial disputes.

The group has a strong order book and continues its expansion into new markets and territories, says the board.

The group makes, designs and constructs pipework, storage and process plant for industry.

	Year 1978-79 £	Year 1977-78 £
Turnover	89,897,214	69,125,197
Trading profit	6,175,120	5,519,420
Interest payable	638,495	293,444
Profit before tax	5,536,625	5,225,976
Tax*	835,543	601,332
Net profit	4,701,082	4,624,644
From minorities	2,392	†8,587
Capital profit‡	19,167	16,816
Available	4,722,641	4,632,873
Dividends	854,077	489,854
Retained	3,868,564	4,143,019

* Totally deferred. † To minorities. ‡ On sale of assets.

● comment

After the warnings sounded by Capper-Neill three quarters of the way through the year, the eventual 6 per cent pre-tax profit improvement comes as something of a surprise. The net result of the financial adjustments that any international contracting group must undertake at the end of each year appears to have been more favourable than initially supposed and the shares climbed 3p yesterday to 71½p. The price may have further to go. The UK process plant market is admittedly tight but Capper sees a little more work in the oil and petro-chemical sectors and export sales—up 32 per cent last year—should make a more positive contribution. The Kenana sugar project finishes this September but there is good reason to suppose that the order gap will be filled by four or five small international projects. Further turnover growth may suggest another rights issue over the medium term since capital employed last year rose from £17.6m to £25.7m. Against that, outside profit estimates are pinned at around £6.5m pre-tax this year which indicates a fully taxed p/e of just over 6. The foreshadowed dividend increase would yield an attractive 8.4 per cent.

TILCON-TILLING

Tilcon—Tilling Construction Services is to form a new third division. It will consist of two major units—the present mortar division, and a new special products selection to incorporate the present industrial minerals department—and will operate from July 1.

Best-ever £1.4m for Twinlock

Second half pre-tax profits of £1m against £0.56m last time, boosted Twinlock to a record £1.41m for the year ended March 2, 1979, compared with £0.64m for the previous 53 weeks.

Turnover of the unquoted manufacturer of loose leaf equipment, systems, filing products, etc., reached £28.91m (£26.57m).

With earnings per 10p share shown up from 2.28p to 5.25p before extraordinary items, the company is resuming dividend payments after two years' absence with the maximum permitted 0.5628p net, as forecast at halfway.

Mr. A. K. L. Stephenson, the chairman, says the results were achieved despite major industrial unrest and bad weather during the company's peak trading period of December to February. However, the company has also suffered from the effects of industrial disputes within key areas of its activities.

Its traditional business in the UK and Eire had a successful year, improving profitability and strengthening its position in the market place, and the directors are optimistic for the current year.

Transparent Paper down

Despite a pick-up in the second half, Transparent Paper ended the year to March 31, 1979 with lower taxable profits of £1m, against £1.15m last time. Depreciation rose from £823,659 to £910,483.

At halfway, profits of the manufacturer and converter of transparent cellulose wrappings were down at £311,000 (£510,000). But the directors said second-half prospects were more favourable.

After tax of £524,577 (£598,715), net profit came through at £475,517, compared with £546,704. The net final dividend of 3.631p per 25p share lifts the total from 4.935p to 5.51p.

RESULTS AND ACCOUNTS IN BRIEF

HELLENIC AND GENERAL TRUST—Gross income 15 months to March 31, 1979, £1,086,006 (year 1977 £718,300). Net income £523,167 (£344,183) after interest £69,003 (£101,698), tax £414,264 (£202,375), etc. Investment gains £808,014 (nil). Final dividend 0.4p (0.45p). Became part of Hambros group in August, 1977.

GENERAL STOCKHOLDERS INVESTMENT TRUST—Interim dividend 1p for year to October 31, 1979. It is intended to recommend a final in November. These two dividends replace one annual dividend which last year amounted to 2.3p.

SHIRES INVESTMENT—Pre-tax-revenue for year to March 31, 1979, £381,403 (£333,718), before tax £133,570 (£114,305). Net asset value 166.84p (147.64p) and earnings 9.84p (8.71p) per share.

MANCHESTER AND METROPOLITAN INVESTMENT TRUST—Pre-tax revenue for 1978 £10,398. Tax £3,200. Minorities £1,509. Net asset value 65.61p. Second interim in lieu of final 1.5p.

MONKS INVESTMENT TRUST—Final 1.25p making 1.85p (1.6p) net per 25p share, year to April 30, 1979. Gross income £3,471,924 (£2,888,716). Pre-tax revenue £2,406,598 (£2,259,878). Earnings per share 1.9p (1.68p). Net asset value per share 74.4p (68.2p).

JOHN LAING—Results for 1978 reported May 1. Group fixed assets £47.32m (£39.85m). Net current assets £25.46m (£11.98m). Meeting, Hemel Hempstead, on June 14 at 2.15 pm.

LONDON PRUDENTIAL INVESTMENT TRUST—Total gross revenue £385,477 (£309,968) for year to April 30, 1979. Revenue before tax £321,478 (£263,589) after total expenses and interest £63,999 (£46,379). Tax £108,430 (£91,395). Earnings per 25p share 3.55p (2.87p). Assets per share 125.5p (98.1p). Final net dividend 1.95p making total 3.45p (2.85p), 21.1 per cent increase.

SHILOH SPINNERS—Results for year to March 31, 1979, already reported. Fixed assets £911,279 (£870,074). Net current assets £1.33m (£1.15m). Chairman expects recent improvement in trading conditions, to be maintained during the current year's first half. Meeting, Royton, June 20, at 11.30 am.

JOHN HEATHCOAT—In the report of May 23 on 1978 results, tax charge should have read £20,200 (£11,000).

ROBERTS ADLARD AND COMPANY (builders' merchant and roofing specialist)—Results for 1978 reported May 2. Group fixed assets £799,909 (£742,820), net current assets £1.84m (£1.59m). Cash at bank and in hand £108,955 (£8,457). Bank overdraft £21,446 (£869,365). Chairman says despite bad weather turnover at end-March marginally ahead of last year; confident this margin will show steady improvement as year progresses. Meeting, 116 Pall Mall, SW, June 15 at noon.

ALLEBONE AND SONS (footwear group)—Results for year ended January 31, 1979 already known. Group fixed assets £5.5m (£5.57m). Current assets £3.38m (£2.92m), liabilities £2.87m (£2.62m) Meeting, Kettering, Northants, June 15 at noon.

LONDON ATLANTIC INVESTMENT TRUST (subsidiary of Industrial and Commercial Finance Corporation)—Gross revenue £720,634 (£596,656) for year to March 31, 1979. Net revenue £427,868 (£347,168) after all charges including tax, equivalent to 3.75p (3.04p) per 25p share. Net final dividend 2.1p making 3.6p (3p). Shareholders' funds £12.3m (£8.87m) including £268,750 (£442,124) full investment currency premium. Net asset value 107.9p (77.8p).

INTER-CITY INVESTMENT (wholesale and textiles)—Results for 1978 already reported. Fixed assets £1.22m (£1.06m). Net current assets £1m (£615,000). Chairman believes 1979 will be another successful year. Meeting, Winchester House, EC, June 19, at 10.30 am.

ESTATE DUTIES INVESTMENT TRUST—Results for year to March 31, 1979, with scrip issue already reported. Investments £21.24m (£19.37m). Meeting, 9, Waterloo Road, SE, June 19, at 12.15 pm.

CHARLES EARLY AND MARRIOTT (WITNEY) (blanket and floor covering maker)—Results year to February 2 1979, already known. Fixed assets £1.53m (£1.45m), net current assets £2.09m (£1.83m). Year-end cash down £121,276 (up £520,715). £10,000 ex gratia payment to former director. Chairman says current year has started reasonably well. Meeting, Witney Oxfordshire, June 18, at 2.30 pm.

ISLE OF MAN ENTERPRISES—Turnover for six months to April 30, 1979 £35,532 (£27,070). Pre-tax loss £15,86- (loss £13,500). Tax nil (same). Loss per share 1.31p (1.12p). The Board states that loss is not indicative of the year's results due to the seasonal nature of the company's business. Rentachalet bookings for the holiday season are comparable to last year. In the absence of unforeseen circumstances Board says that they expect an increased contribution from this operation in the second half. The construction of 64 self-catering cottages due to start on June 1—these should be completed for the 1980 season.

JOHNSON & BARNES (knitted outerwear)—Turnover for 18 months to December 31, 1978, £2,954,400 (year to June 30, 1977 £2,202,000). Pre-tax loss £18,137 (loss £25,459) after profit on disposal of plant £53,588 (£2,252). Extraordinary losses—Azet International BV, £198,752 (£52,960). Tax £2,4- (£1,273), etc. No dividend for period (same). Earnings per share 5.6- (0.97p).

SPONG AND CO. (hardware manufacturer and wireworker)—No dividend for 1978 (1.25p). Turnover £2.5- (£2.61m). Profit £10,985 (£20,615) after tax charge of £243 (credit £16,17-). Earnings per 10p share 0.91p (1.72p).

PORTER CHADBURN (brewery, marine, mechanical handling equipment etc)—Results for year ended January 4, 1979, already reported. Fixed assets, £1.65m (£1.38m). Net current assets. £4.05m (£3.58m). Chairman says sales in first two months considerably below budget and he is not particularly optimistic about group's first half performance. Meeting, Liverpool, June at 12.15 pm.

YORKSHIRE AND LANCASHIRE INVESTMENT TRUST—Interim report (unaudited) six months ended March 31, 1979. Investments at valuation March 31, 1979 £1,634,104 (£1,458,1- at March 31, 1978 and £1,554,756 September 30, 1978). Net current liabilities including interim dividend £123,025 (£126,572 and £153,972). Net asset value per 25p ordinary share 37- (33.3p and 35.0p). Gross revenue and bank interest for six months £55,- (£48,283). Less: Expenses £8.- (£5,941) and taxation £16,500 (£14,5-). Net revenue after taxation £30,- (£27,775). Interim dividend £20,- (£20,000).

STANDARD FIREWORKS—Pre-tax profit for year to March 31, 19- £398,302 (£305,972). Dividend 22 per cent net, pay September 3.

BRIXTON ESTATES (property developer and investment company)—Results for 1978 with scrip issue and property valuation reported May. Investment properties £123.5- (£98.94m). Current assets £2.9- (£2.23m) and liabilities £5.4m (£4.56m). Proposals for profit sharing scheme and to increase directors' fees. Meeting, 22-24, Ely Place, E.C., June at 12.15 pm.

BROWN AND JACKSON (building and civil engineering contractor)—Results for 1978 already known. Group fixed assets £2.6m (£1.04m), net current assets £3.54m (£2.12m). Working capital increased £2.1m (£0.76m). Chairman's emoluments £15,280 (£44-). Chairman says group has made very promising start to current year and is confident that in 1979 it will achieve material growth. Expansion seen coming from solid organic growth of existing business and material contribution from two recent acquisitions. Meeting, Preston, May 30, noon.

Dubilier pushes up sales by 26%, and tops £0.5m

On sales ahead 26 per cent to £6.16m, taxable profits of Dubilier were £511,000, against £485,000, in the half year to April 1, 1979.

The electric and electronic components group, which says that exports are running well above last year's figure, was hit by the lorry drivers' strike and the bad weather. This, state the directors, led to some uneconomic working and increased costs.

However, development spending continued at a high level on new products which have yet to contribute to profits. Last year capital expenditure amounted to £335,000.

The Board says trading for the remainder of the year should remain at a satisfactory level. Last year's total surplus was £1.11m, against £826,000.

The tax charge is £137,000 (£2,000) reflecting the benefit of capital allowances.

The net interim dividend per 5p share is lifted from 0.5324p to 0.5916p. Last year's total was 1.1032p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: Nottingham Brick.

Finals: Normand Electrical Holdings, Wettern Brothers.

FUTURE DATES

Interims:

English China Clays	June 14
Saatchi and Saatchi	June 13
Sterling Trust	June 6
United States & General Trust	June 13

Finals:

Eva Industries	June 6
Harrisons and Crosfield	June 7
Mountview Estates	June 6

English and International improves

After tax of £268,105 compared with £243,210, revenue of English and International Trust improved from £398,767 to £457,758 for the year ended April 5, 1979.

A final dividend of 3.2p net raises the total from 3.8p to 4.25p net per 25p share. Revenue retained was £35,669 against £32,440.

Net asset value per share is shown at 134p (116.75p) per share, after deducting prior charges at par and assuming full conversion of loan stock.

During the year, £324,007 7 per cent convertible unsecured loan stock 1986 was converted into 392,736 ordinary shares.

BANK OF IRELAND POSTAL DELAYS

The annual meeting of the Bank of Ireland has been postponed until normal postal services are resumed in the Republic and the 1978/79 report and accounts can be mailed out.

In the meantime the bank is paying a 11p second interim in lieu of final. Members may collect their warrants from the company's offices at 34, College Green, Dublin, from July 6 onwards. Mandated dividends will be paid in the usual way through the banking system.

British & American Film at £136,467

Taxable profits of British and American Film Holdings finished 1978 at a record £136,467 compared with £88,655 despite little change in the second half.

At halfway profits had risen from £31,022 to £75,269.

Earnings at the year end are shown as 4.104p per 5p share against 2.177p and the dividend is increased to 2.09737p (1.90671p net).

Tax for the year took £21,970 compared with £27,708 and there was an extraordinary credit of £87,021 (£136,194), which comprised the profit on sale of investments, net of tax. A similar amount has been transferred to capital reserves.

After this transfer and dividend costs of £58,726 (£53,388) through at £213,250 against the amount retained came £157,479.

The group's wholly-owned subsidiaries, results of which are not included in the figures, produced a turnround from losses of £39,884 to taxable profits of £77,414 for the period on turnover of £106,439 (£312,335).

After a £569 tax credit, overprovision in respect of previous year (£2,000 corporation tax) earnings are given as 2.785p (1.495p loss) per share.

Net profit of £77,983 (£41,884 loss) is after profits of £50,216 (£122,181) from the translation of loans payable in currency to sterling.

Stockholders' Trust higher at six months

Total income of the Stockholders Investment Trust advanced from £1,228,142 to £1,473,079 for the half-year to April 30, 1979.

The result was struck before expenses and interest amounting to £258,234 (£218,289), tax of £450,771 (£369,197) and minorities of £56,471 (£55,848).

The directors say the policy of moving more of the trust's assets overseas has been pursued, but the relatively good performance of the UK market concealed the effect of this policy.

With current uncertainties about the future of investment currency, they say it is unlikely that further funds will be moved overseas in the immediate future.

WARNER ESTATE

The directors of Warner Estate Holdings are proposing a scrip issue of one £1 preference share for every ten ordinary. It is envisaged that the coupon will be such that the preference shares command a market price of around par.

Kitchen Queen set for £1.8m

ANNOUNCING pre-tax profits of £954,000 for the six months to February 28, 1979, the directors of Kitchen Queen say they are confident that the full year forecast of £1.8m, made at the time of last November's flotation, will be achieved. In the whole of the previous year, a £1.46m surplus was recorded.

Midterm sales of the group, which has interests in kitchen, bedroom and living room furniture and DIY products, reached £8.69m—a full year figure of not less than £19.7m was projected in the prospectus.

The directors describe the results as "extremely satisfactory" having regard to the exceptionally bad winter and industrial unrest during the period. The effect was to reduce the anticipated turnover, but this has been offset by improved margins.

After tax of £138,000, half-yearly earnings are shown as 3.2p per 10p share. The interim dividend is 0.536p net, in line with the forecast total of 1.34p.

AMC REDUCES INTEREST RATE

The Agricultural Mortgage Corporation is, from today, reducing the interest rate for existing variable rate loans from 16 per cent to 14 per cent.

This rate will remain in force until the next review date which will be September 1 for borrowers whose loans are reviewable quarterly, or December 1 for those whose loans are reviewable half-yearly.

The lending rate of interest for new variable rate loans completed on and after today will also be 14 per cent. For all new fixed rate loans it remains at 13.5 per cent.

The previous rates were introduced as follows—16 per cent for half-yearly reviewable variable rate loans on December 1, 1978; 16 per cent for quarterly reviewable variable rate loans on December 1, 1978, added and confirmed on March 1, 1979; and 14.5 per cent for new variable rate loans on April 12, 1979.

Headlam Sims increases to record £0.43m

As expected, record profits are reported by Headlam Sims and Coggins, footwear manufacturer. The taxable surplus expanded from £319,862 to £427,883 in the year to January 31, 1979.

At the halfway stage, profits were up at £189,435 (£165,316) and the directors predicted another record year.

The net total dividend is raised to 1.7p (1.2296p)—in line with forecasts—with a 1p final. After tax of £160,212 (£61,362), stated earnings are 12.39p compared with 12.42p adjusted for the rights issue.

EMAP advances 30% to £2.1m and proposes scrip

The forecast year-end improvement at East Midland Allied Press turns out to be a pre-tax profits jump from £1.62m to £2.1m on turnover ahead from £18.71m to £24.22m. At midway the group advanced from £803,000 to £944,000.

There is a scrip issue of one A ordinary share for every three ordinary or A ordinary shares.

The taxable surplus to March 31, 1979, was struck after a drop in the interest charge from £102,016 to £33,166.

The Board says that the provincial newspaper side substantially improved on last year's profits due to higher volume of advertising and greatly improved level of throughput at Kettering.

	1978-79 £	1977-78 £
Turnover	24,224,785	18,709,614
Trading profit	2,703,539	2,154,951
Depreciation	571,471	432,854
Interest	33,166	102,016
Net trading profit	2,098,902	1,620,081
Investment income	1,537	1,111
Profit before tax	2,100,439	1,621,192
Tax	476,773	224,427
Profit after tax	1,623,666	1,396,765
Dividends	346,886	283,617
Retained	1,276,780	1,113,148

National publications division profit also increased considerably, and all areas improved their performances, particularly the motor cycling and gardening publications.

But the contract printing operations suffered a substantial loss due to the cost of installing the new press at Peterborough. Major modifications have been made, and the results should be better this year.

After tax of £476,773, against £224,427, net profit comes out at £1.62m (£1.4m). Stated earnings per 25p share are up from an adjusted 10.3p to 10.7p.

The final net dividend of 1.15892p lifts the total from an adjusted 2.07429p to 2.31784p.

● comment

Pre-tax profits at East Midland Allied Press have broken through the £2m level, buoyed by the sharp rise in advertising revenue. Operating profits for provincial newspapers are up by 112 per cent to £970,000, while the magazine side has improved by 51 per cent to £1.45m. Consumer spending forecasts afford little hope that this performance will be repeated in the current year but, to compensate, the group should cut back sharply on its contract printing losses. These totalled £606,000 last year, far above expectations, with technical problems and the suspension of the Times the main pitfalls. Capacity use of the new contract printing machinery is only 45 to 50 per cent at the moment but is hoped to reach around 70 per cent by the end of the year—about the break even level. With the bulk of plant modernisation now out of the way, interest charges are well down and the group is looking to expand, particularly in the magazine field. Popular music and photography have recently been added to the sector range and more will be added in the course of the year, putting profits of about £2.5m within range. At 83p, the shares yield a modest 4.2 per cent while the growth potential is fairly reflected in a stated p/e of 7.6.

Increase by Philip Hill Trust

WITH GROSS income at £8.56m against £7.42m, pre-tax revenue of Philip Hill Investment Trust advanced from £6m to £6.79m for the year ended March 31, 1979.

After tax of £2.31m (£2.16m) and preference dividends, revenue available to ordinary holders increased from £3.79m to £4.45m.

Stated earnings per 25p share are up by 1.31p to 9.21p, and a net final dividend of 6.4p raises the total payment by 15.8 per cent from 7.9p to 9.15p, costing £4.5m (£3.79m). A one-for-one scrip issue is also proposed.

At year end, net asset value per share is shown at 274.6p (225.5p), or at 274.1p (225.1p) allowing for full conversion of loan stock.

Administration expenses for the period were £384,000 (£347,000) and interest charges took £1.39m (£1.08m).

BANK RETURN

	Wednesday May 30 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	26,519,643	+ 3,726,985
Special Deposits	719,430,000	—
Bankers Deposits	573,079,356	+ 289,538,982
Reserves & other Accounts	559,536,056	— 46,711,949
	1,893,118,055	+ 246,553,999
ASSETS		
Government Securities	1,502,192,230	+ 302,200,000
Advances & Other Accounts	152,153,385	— 46,337,992
Premises Equipment & Other Secs.	218,636,132	+ 52,366
Notes	9,936,495	— 9,379,297
Coin	199,813	+ 18,922
	1,893,118,065	+ 246,553,999
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,375,000,000	+ 50,000,000
In Circulation	9,365,063,505	+ 59,379,297
In Banking Department	9,936,495	— 9,379,297
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,117,619,388	+ 50,297,952
Other Securities	1,246,365,512	— 297,952
	9,375,000,000	+ 50,000,000

RTZ's 1979 results higher if present copper prices continue

RTZ is a British-based international group of mining and industrial companies with worldwide interests in almost every major metal and fuel including aluminium and its products, borax, coal, copper, gold, industrial and agricultural chemicals, iron ore, lead, oil, silver, specialty steels, tin, uranium and zinc.

Results and outlook – The net attributable profit of £98.4 million is an all-time record in money terms, and the dividend this year is higher in real terms than ever before. The Group's results underline once more the value of a wide spread of activities both by area and by product. The first quarter's results of 1979 have improved over those for the same quarter of 1978, largely due to an increase in base metal prices, and if copper prices remain at present levels results for 1979 should certainly be better than last year.

Developments and acquisitions – Capital expenditures of £260 million were spread over nearly all our worldwide operations. The acquisition of Duisburger Kupferhütte in Germany is an important and entirely new development. It has had an association with the Rio Tinto mines in Spain for over 50 years and, as well as metal treatment, undertakes important metallurgical research and development work. During 1978 we also increased our interest in Rio Tinto Minera in Spain to 25%. Since the year end further progress has been made with the planning for a new aluminium smelter at Gladstone in Queensland, whilst in Canada Brinco has made a bid for a small oil company, Conuco Limited.

Exploration – The most important aspect was the work at Quartz Hill in Alaska which resulted in an upward revision of the known molybdenum mineralisation. In Western Australia diamonds have been recovered from some of the pipes on the Ashton Joint Venture property but it is too early yet to decide whether a commercially mineable deposit exists.

Australianisation – In January this year RTZ and CRA reached certain understandings with the Australian Government for conferring naturalising status on CRA, under which the RTZ shareholding in CRA will be reduced over time to 49%. As a sign of our good intent RTZ decided to renounce the bulk of its entitlement in a rights issue announced by CRA in February, as a result of which the RTZ interest in CRA will be reduced to 68.2%.

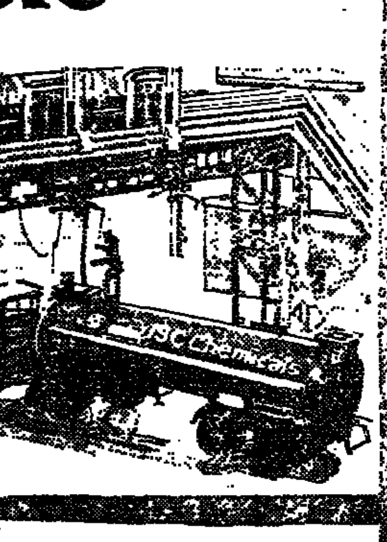
Anti-trust – Last year I reaffirmed RTZ's commitment to the principle of competitive behaviour, but pointed to the damage that can be caused by over-zealous imposition of anti-trust rules. RTZ's position regarding the anti-trust proceedings in the USA has consistently been and still is that it denies liability and contends that the United States court lacks jurisdiction.

Rössing – Rössing made a small profit although no profits have been taken out of Namibia, no loans have been repaid, and no taxes have been levied. The capital invested at Rössing is approximately £160 million, virtually all provided from outside Namibia, and the remuneration of Rössing's employees contributes about £12 million per annum to the domestic economy.

Energy – In looking at the alternative sources of energy to meet increases in demand for electrical power, it would seem that there is no possibility of bridging the gap without a substantial contribution from additional nuclear capacity. The whole problem of energy is with us now and unless the challenge is accepted to provide alternatives for the inevitable decline in the availability of oil, the future outlook is indeed grim.

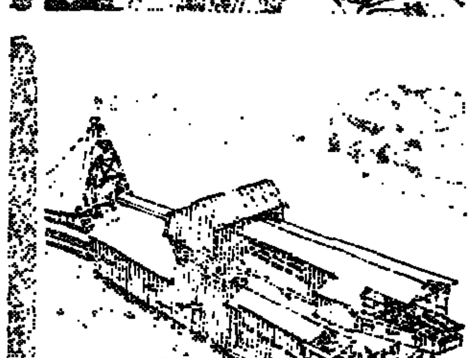
Conclusion – Third World objectives should not be considered solely in the context of raw material prices. What is also required is to raise living standards by encouraging labour-intensive industries, including agriculture. It is essential for Third World problems to be tackled quickly and with determination.

Mark Turner
Chairman, 30th May 1979



Above: Manufacture and distribution of chemicals in the UK.

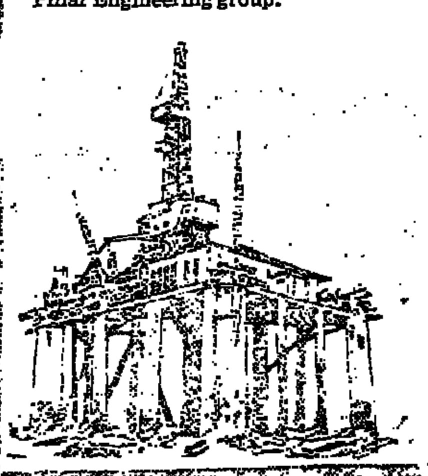
Opposite: Aggressive exploration programmes were carried out in Canada and the US by Rio Algom and its subsidiaries.

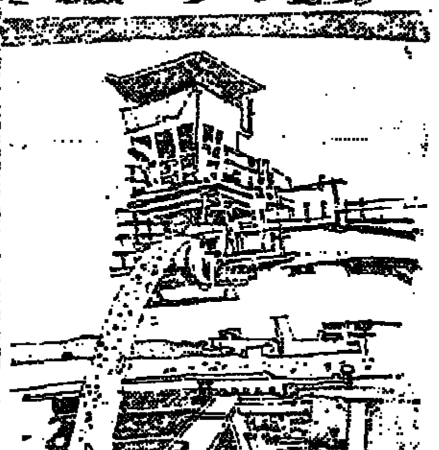


Above: Tin dredging in Malaysia.

Above left: Research and quality control at Bougainville in Papua New Guinea.

Opposite: High precision transmission components machined by Peak Engineering Company Limited, part of the Pillar Engineering group.





Above: Planning in the drawing office at Rössing Uranium in SWA/Namibia.

Above right: North Sea oil from the Argyll field in the UK sector.

Opposite: Loading iron ore for shipment at Hamersley's East Intercourse Island.

Sir Mark Turner's speech, the annual report, and fact sheets, are available from: The Secretary, RTZ, 6 St. James's Square, London, SW1Y 4LD.

RTZ The Rio Tinto-Zinc Corporation Limited

UK COMPANY NEWS

Time Products ahead to £5m

FURTHER IMPROVEMENT in the second half enabled **Time Products** to push up taxable profits from £3.87m to £4.9m in the year to January 31, 1979. At midway the watch, clock and jewellery group had raised the surplus from £1.43m to £1.69m.

The total dividend for the year of 5.278p net (1.6956p) per 10p share is as forecast at the time of the £2m rights issue in October last year. The final dividend is 4.8056p and there is a two for one scrip.

Turnover for the year, excluding associates, was well up from £24.93m to £31.94m.

The taxable profit was struck after an improved associates contribution—ahead from £902,000 to £1.38m.

Tax takes £611,000 (£99,000) and after an extraordinary debit of £65,000, compared with £81,000 credit, the attributable surplus is raised from £3.85m to £4.23m. Earnings are shown to have risen from a restated 27.52p to 30.64p.

The Court of Session has now confirmed the capital reorganisation scheme and it is intended that the interim will be paid with the final. A board meeting to declare the final will be held on July 11.

comment

Time Products' full-year results—profits 27 per cent higher—are at the top end of market expectations, with firm growth being reflected in both the wholesaling and retailing divisions as well as the Hong Kong associate. Demand for wrist watches has been buoyant and the company has been trading up to take advantage of the increase in consumer spending. The most impressive gains have been notched up on the wholesaling side (more than a third of group turnover) where unit sales of brand names such as Seconda are a third higher, with Longines, Limit and Citizen showing gains of up to a fifth. At 244p (up 9p), the shares are on a p/e of 7.8 while the yield, in spite of the boost from the rights issue, is a mere 3.3 per cent covered nearly six times.

BELHAVEN

The directors of **Belhaven Brewery Group** say the court official's strike in Scotland resulted in a delay to the capital reorganisation scheme and the payment of an interim dividend of 0.625p gross.

M & G up to £1.29m midway

PRE-TAX profit of **M and G Group (Holdings)**, unit trust manager, rose from £1.05m to £1.29m in the half-year to March 31, 1979. Trading revenue was higher at £2.25m, against £2.15m.

After tax of £598,017 (£456,300), net profit came through at £694,909 compared with £591,335. Stated earnings per 5p share up from 6.76p to 7.89p, and the net interim dividend is raised to 2p (1.512p)—partly to reduce disparity.

As usual, the results take no account of life assurance activities.

The Board says it has been unable to persuade the Treasury that consent should be given for payment of a further dividend for the year to September 30, 1978, beyond that permitted because of some minor adjustments.

As announced in January, the Board had asked permission to pay a further dividend of 1.158p under cover provisions. The permitted payment is 0.251p, declared as a final. This brings last year's total to 4.113p on taxable profits of £3.09m.

The directors say the refusal of consent is based, as it was in January, on the meaning ascribed by the Treasury to dividend cover. It is fair to say that the Treasury accepted that the company's interpretation is correct on the basis of established market practice, but felt unable to depart from a rule which they had applied elsewhere, they say.

The Treasury having a discretion in the matter, the directors feel there are no further steps they can usefully take, although they hope dividend controls will soon be abolished.

Record £17.8m for Coalite

ALTHOUGH MID-YEAR pre-tax profits were down at £6.33m against £7.23m, **Coalite and Chemical Products** picked up in the second six months ended March 31, 1979, to finish with a record figure of £17.82m, compared with £16.32m previously.

Turnover rose by some £110m to £278m, reflecting the first full year contribution from Charringtons Industrial Holdings, which was acquired on October 14, 1977—comparatives include Charrington's results from the date of acquisition only.

After a tax charge of £5.91m (£7.83m) in accordance with SSAP 15, stated earnings rose from 13.06p to 16.15p per 25p share. A net final dividend of 2.04346p lifts total payments to 3.07316p against 2.7796p.

The pre-tax result was struck after depreciation of £4.91m (£4.88m), but included interest receivable, less payable, of £137,000 (£887,000).

comment

An improved second half enabled Coalite to recoup ground lost at the interim stage. Overall, profits are some 9 per cent higher but the results are unexciting considering the near two-thirds rise in turnover. The key factor for the upturn obviously lies with Charrington which appears to have done comparatively better, though its transport and warehousing division was affected by the haulage strike. Results from the coalite and chemical side, on the other hand, are apparently around the previous year's levels, because of the poor first-half performance before the benefits from a 10 per cent price rise last October and the bad winter weather came through. Further price increases are expected this year which should improve margins. The shares fell 1p to 81p where they stand on a staetd p/e of 4.9 and yield of 5.8.

WM. MOWAT

Wm. Mowat and Sons, the property company where control has changed rapidly this year, has not yet finalised the expansion plans announced at the end of March.

Quilter Hilton Goodison, stock brokers to the company, said yesterday, that "no immediate announcement was planned."

In March, Mowat announced and then cancelled a £300,000 rights issue. The directors said the expansion plans would probably necessitate a rights issue at a later date, but other proposals were being considered.

Kelsey sales up at midway

From turnover, up 22 per cent from £8.88m to £10.85m, profits before tax of **Kelsey Industries** rose to £908,085 in the half year ended March 31, 1979 compared with £862,213 in the same period last year.

However the turnover increase was not spread evenly between operating companies, the directors say.

The manufacturing side suffered from inflation and the stronger pound but the roofing contracting business improved on last year's figures, not withstanding the harsh winter.

After tax of £449,000 (£396,000) earnings per share are stated at 10.05p against 10.06p. To reduce disparity, the interim dividend is lifted from 1.25p to 1.5p—last year's total was 3.612125p from pre-tax profits of £2.14m.

Babcock Industrial

TAXABLE PROFIT of **Babcock Industrial and Electrical Products** jumped from £1.29m to £3.09m in 1978 on turnover well ahead from £27.32m to £65.12m.

The directors say prospects for 1979 are good, but they point out that the company must maintain a high performance to retain its position in competitive overseas markets.

Net profit is up from £1.31m to £3.06m after tax of £30,000 (£15,000 credit).

The mining machinery, electrical and electronic equipment group is a subsidiary of Babcock and Wilcox and was formerly General Electric and Mechanical Systems.

MINING NEWS

Falconbridge Nickel: the way ahead

BY KENNETH MARSTON, MINING EDITOR

"OUR PRIORITY job now is to put the company into a strong cash position for the future and to capitalise on our acknowledged areas of strength." This was stated by Mr. Marsh A. Cooper, president of Canada's **Falconbridge Nickel** in a speech to the Montreal Society of Financial Analysts, reports **John Soganich from Toronto.**

The company's Sudbury operatons, the Norwegian refinery and **Falconbridge Dominicana** are gradually stepping up their activities as a result of improved market conditions, involving the recall of hundreds of laid-off employees.

For example, the Lockerby mine, west of Sudbury which has been maintained on a stand-by basis since early 1978, is to be brought back into production before the end of this year rather than the previously planned resumption in June, 1980.

Lockerby is expected to provide around 300,000 tons of ore, or 60 per cent of its rated capacity in 1980. Ore will be trucked to the big Strathcona mill.

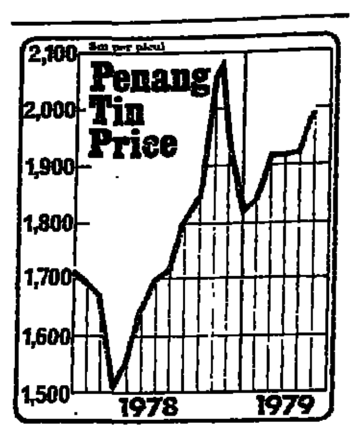
At other major group operations — **Falconbridge Copper, Wesfrob, Indusmin, Giant Yellowknife, United Keno Hill**—Mr. Cooper reports ongoing programmes of mine development or exploration "are being actively pursued."

At **Kiena Gold Mines**, in northwest Quebec, a feasibility study is under way and should be completed within the next four months.

The African operations (**Oamites, Blanket and Western Platinum**) were profitable in 1978 and are, "despite some problems, achieving satisfactory results to this point in 1979."

Mr. Cooper believes that "strong markets for nickel appear certain for the balance of this year." Beyond that, "much depends on the level of industrial activity in the U.S." Even a predicted downturn there would not be felt immediately because a substantial quantity of primary nickel production goes into capital items which involve relatively long-term purchase commitments.

In Europe, nickel demand "has built up to levels not seen there since before the difficult days of 1975." In Japan, increased consumption is anticipated. Summing up, Mr. Cooper said that nickel-industry inventories "are generally low and near-term supply and demand will remain close to balance, providing users do not stockpile beyond normal movements as happened in 1974."



NORWAY SEEKS SUBSTITUTE FOR BAUXITE

Norwegian business and official interests have so far spent NKr 20m (£1.87m) on the search *for a process which would use* large domestic anorthosite deposits as a source of raw material for aluminium production instead of bauxite, the Norwegian Information Service said yesterday.

The deposits are in the Sognefjorden area on the west coast of Norway. Anorthosite is a feldspar rock and has been used for some time, at least from this area, as a white aggregate for the surfaces of roads and buildings.

Anorthosite could be an interesting alternative to bauxite, the Information Service said, but the technical difficulties are great and its use in aluminium production would not be possible until the 1990s.

The research project has been going on for five years and is in the hands of a special company, Anortal, which is backed by aluminium producers like Aardal og Sunndal Verk and Elem Spigerverket.

If Anortal can find a method of processing the anorthosite so that it can go into the aluminium-making process as anydrous chloride, it would be possible to expand Norwegian aluminium production by 50 per cent without having to use any more electric power than at present, the Information Service said.

In the U.S., **Alcoa** has developed a new aluminium production process, which looks promising and can use anorthosite instead of bauxite, the Information Service noted.

Malaysian tin output rises

TIN OUTPUT in Malaysia, the world's biggest producer and exporter of the metal, has increased for the first time in six years. Mr. Zakaria Budin, president of the Malaysian Mining Employers Association, says that for the 12 months to March 31 the country produced 63,285 tonnes of tin concentrates compared with 58,558 tonnes in the previous 12 months.

While there has been no major change at the larger mining operations, the rise in the tin price has brought an expansion in the activities of the small Chinese-run gravel pumping tin producers.

Their total production, however, can be large. At full strength it matches that of the major **Malaysia Mining Corporation** *group which accounts for* about 25 per cent of the country's production.

To some extent the gravel pumping operations exert a stabilising influence on the tin price. When the latter falls below their economic levels they close down and thus help to cushion the fall in price: conversely, they resume production when the price is rising.

PETALING LIFTS ITS INTERIM

Petaling Tin, the Malaysian producer, has declared a first interim dividend for the year to October of 50 cents (10.99p) gross both of Malaysian and UK tax. In the last financial year two dividends, of 40 cents and 80 cents were paid.

The higher first interim comes on the back of nearly doubled half-year profits as the group gained the benefit of increased production and firmer prices. Net income for the six months to April was M$4.63m (£1.01m) against M$2.47m) in the same period of 1977-78. In London yesterday the shares were down 5p at 265p.

BIDS AND DEALS

Furness attacks moves by KCA and Eurocanadian

BY JOHN MOORE

Furness Withy, the British shipping concern has urged its shareholders to resist the attempts by KCA International and Eurocanadian Shipholdings to secure an influence over the affairs of the group.

The move marks the first round in the fight for shareholders' support ahead of the Furness annual general meeting on June 28.

KCA International, the oil servicing and contracting group, recently acquired a 12.13 per cent stake in Furness, and its chairman, Mr. Paul Bristol is seeking shareholders approval for his appointment to the board of Furness.

But Furness has told shareholders that "the appointment of Mr. Bristol as a director is wholly unacceptable."

Mr. Bristol has set down two other resolutions for the approval of the Furness shareholders that a working party should be established with KCA International with the intention of establishing a formula for the merging of the companies' repective oil service interests into a joint venture company.

And Mr. Bristol has asked Furness shareholders to direct the Board of the company to explore the possibility of purchasing Eurocanadian Shipholding's 37 per cent shareholding in Manchester Liners, a Furness subsidiary.

Eurocanadian Shipholdings, a private Canadian-owned shipping group based in Switzerland and Bermuda, holds a 10 per cent stake in Furness. Its earlier attempts in 1974 and 1975 to gain influence over the affairs of Furness had fallen foul of the Monopolies Commission and it was required to reduce its stake to not more than 10 per cent by 1980.

Furness said yesterday that it had been prepared to consider the purchase of Eurocanadian's 37 per cent interest in Manchester Liners "but only on terms that are acceptable."

KCA's proposal for merging the oil service interests of the two groups is rejected by the Furness Board because no "specific details" on the proposals have been submitted.

Furness concludes that Mr. Frank Narby, the chief executive of Eurocanadian, and Mr. Paul Bristol "are trying to use their holdings." in Furness, "to influence the running of the company to the benefit of their own respective interests."

Mr. Bristol, speaking from France yesterday, said the Furness response was "pathetic. It makes me keener to move ahead with what I am doing."

Sheepbridge urges acceptance

SHAREHOLDERS in Sheepbridge Engineering have been advised by the board to accept the "knock-out" £40m all-equity offer from Guest, Keen and Nettlefolds.

The offer, announced last Friday, consists of two ordinary GKN shares for every five Sheepbridge shares already held. The GKN share price climbed 1p yesterday to 284p which values each Sheepbridge share at 113.6p against a market price of 101p, up 5p.

In the end-March 1978 balance sheet Sheepbridge's net worth amounted to £26m assuming the transfer of a £6m balance on deferred taxation account to reserve. Net assets per share are thus worth 73.5p.

The board of Sheepbridge, headed by Lord Aberconway, stated that the preparation of the results for the year ended March 31 last is at a sufficiently advanced stage to announce an intention to pay a second interim dividend on July 10 in lieu of a final dividend of 2.51p per share.

GKN, one of the most powerful engineering groups in Europe, has already identified the automotive after-market as one of its principal areas of expansion and its interest in Sheepbridge has largely been prompted by Advance Motor Supplies, the wholesale parts distribution subsidiary which Sheepbridge operates through over 100 branches throughout the UK.

GKN's existing presence in the motor components industry has prompted thoughts that the deal will be referred to the Monopolies Commission but a spokesman for Schroder Wagg, the merchant bank advising Sheepbridge, considered that a Monopolies Commission reference would be unlikely.

Midland buys failed Australian consumer finance concern

BY JAMES FORTH

Midland Bank has bought the bulk of the assets of Associated Securities, the Australian consumer finance company which collapsed earlier this year. The deal was agreed to in Canberra, although it will still require the approval of the Foreign Investment Review Board and the Reserve Bank.

The amount involved in the purchase is apparently yet to be finalised because of uncertainty over the ultimate worth of some of the assets being acquired, principally income still being earned on existing business. But it is believed the receivers of ASL are still hopeful that they will be able to repay in full at least the first charge secured creditors, who are owed close to $A200m.

ASL was put into receivership in February after its 48 per cent controlling shareholder, Ansett Transport Industries, withdrew its support. In April the receivers estimated the first charge debenture holders, who are owed $191m, would be repaid in full and that the $41.2m of second charge debenture holders would receive "some satisfaction."

Preferential creditors, unsecured creditors and shareholders would receive nothing. This would mean a deficiency of between $60m and $105m.

Associated Securities Finance, the finance arm, was owed a net $200m, plus a further $60m in unearned income.

On past experience, this would realise at least $40m if ASF could be kept in operation. Since the collapse the receivers had held negotiations with a number of parties interested in ASF, including National Westminster Bank and most of the major bank-backed Australian finance companies.

Midland, which is keen to establish a presence in Australia, is the successful bidder, but it is understood that it has not bought any of the ASF's $25.8m in real estate advances. It appears likely the ASL receivers will get an initial payment which will enable a substantial repayment of the funds owing to the first charge creditors.

Such an early reduction is essential because interest on the first charge debentures ranks beforeany other repayments, and is accruing at an annual rate of $23m.

METTOY

Mettoy has reached agreement with the receivers of Raphael Toys to acquire its plant, machinery, moulds, and material stocks, subject to final contract being signed.

Mettoy will be incorporating the equipment into its existing manufacturing facilities in Northampton.

SHARE STAKES

Cope Sportswear—Mr. M. P. Cope is no longer a substantial shareholder.

General Accident Fire and Life Asurance Corporation—Kuwait Investment Office as at May 16 had reduced its holding by 50,000 shares to 12,475,000 shares (7.6 per. cent).

Owen Owen—Trustee shareholdings of J. A. H. Norman and R. K. Asser, directors, have each been reduced by 29,816 shares as a result of trust beneficiaries attaining the age of 21. In case of Mr. Norman, his trust holdings with beneficial interest are reduced by 15,572 shares and his trust holding without beneficial interest by 14,244 shares. In case of Mr. Asser, total reduction is in his trust holding without beneficial interest. J. A. H. Norman has bought 831 shares at 116p on May 23.

AF to close Australian trawling operation

Associated Fisheries, which announced a £5m setback to losses of £2.38m in the last financial year, is to close its Australian trawling operation.

The company, which operates Britain's largest distant water fleet, announced yesterday that in view of continuing Australian losses, and with no immediate prospects of adequate financial support, the Western Australian Government had appointed a receiver/manager to AF's associate, Southern Ocean Fish Processors Pty.

The decision has been taken despite an offer from the Western Australian Government last month of a A$2.5m bankers guarantee. At the time AF said this would ease the financial pressures in Australia and enable the exploratory phase of that enterprise to be continued, although a partner had not yet been found.

AF says provision has already been made for the aggregate loss that may arise—in the last accounts the deficit for the Australian operation, which employed three of the group's most modern freezer trawlers, was £1.6m.

Earlier this year Mr. Paul Tapscott, the retiring chairman, said closure of the Australian operation depended on whether AF's directors went ahead with a programme to refit part of the UK trawling fleet of 77 vessels, of which nearly 30 are now inoperative.

This could not be confirmed last night, but clearly, any decision to refit the home fleet would put a great strain on group resources and AF has probably decided it cannot afford to carry the Australian venture as well. A refit could cost up to £0.5m per ship.

AF has been delaying the decision to refit the fleet in the hope that the British Government would reach a satisfactory deal with the EEC on a common fisheries policy.

CAPITAL ISSUES

Statistics compiled by Midland Bank show that the amount of new money raised by the issue of marketable securities in the UK in May was £225.4m, compared with £79.8m, and was the highest monthly total since May 1977. And it shows a significant increase on the £49m raised in April.

Local authority issues represented only 3.4 per cent of this month's total with 10 bond issues raising £7.6m.

TOMKINS FRENCH

F. H. Tomkins has acquired a stake in C. and E. Fodder SA, a distributor of stainless steel industrial fasteners in France, for FF2.6m (£286,000) cash.

Net book value of the assets of Fodor at December 31, 1978, were FF1.5m (£173,200) and the company has traded profitably since that time. Pre-tax profits are expected to amount to not less ban £80,000 in the first full year following the purchase.

● NEWS ANALYSIS—FRASER ANSBACHER RECONSTRUCTION

An aid to obtaining banking status

BY MICHAEL LAFFERTY

Fraser Ansbacher, the City merchant banking concern which only "survived" the fringe banking crisis through a major capital injection by the little-known U.S. Lissauer group of trading companies, is to undergo a capital reconstruction. Before the involvement with Lissauer, which started in 1976, Fraser Ansbacher had been controlled by Mr. Maxwell Joseph's interests.

The reconstruction involves the formation of a new company called Henry Ansbacher Holdings (the old Fraser side will be quietly forgotten about) in which shareholders will be asked to exchange shares on the basis of one new 5p share for every 10p share held. The loan notes will be repaid and the holders will use the proceeds to subscribe at 10p a share for 42m new shares—the same number they would have been entitled to had they exercised their conversion rights.

As part of the scheme, the equivalent of 5 per cent of the shares in the new company have been placed with about six institutions by stockbrokers Panmure Gordon. The price, 11½p a share, values Fraser Ansbacher at about £6¼m. Following implementation, Lissauer will own 49.6 per cent of the equity and Grand Metropolitan 18.9 per cent.

The move comes at a time when Fraser Ansbacher reported its first attributable profit—£675,000—since 1975. In the meantime it sustained losses of around £7m, mainly as a result of unsuccessful property lending. By the end of March 1978 the group balance sheet recorded share capital of £5¼m, and accumulated losses of £3.8m—with £4.2m ranking as an subordinated unsecured loan. Mr. Robin Baillieu, Fraser Ansbacher's managing director since last year, hopes the reconstruction will help the company when it comes to seeking recognised banking status under the new Banking Act, later this year. At present the group holds the coveted authorised status for exchange control purposes.

The reconstruction comes at the end of what Mr. Baillieu describes as the first year of a three-year plan for Ansbacher. With the troubles on the Fraser investment banking side more or less resolved (and certainly provided for) defensive thinking in management has stopped. The first step now is to set up the new capital structure. As it is, the old loan note structure would have left the group with an unacceptable annual interest charge of around £¾m, starting from this year.

Apart from strengthening the capital structure the directors point out that the elimination of the profit and loss account deficit will permit the restoration of dividends. No dividend is proposed at this stage, but provided the recovery continues and the reconstruction goes through the Ansbacher board hopes "to be able to consider the resumption of dividends for the year to March 31, 1980."

Lissauer, it seems, still regards Fraser Ansbacher as a trade investment; perhaps this has something to do with some shares being placed with the institutions. The next step, according to Mr. Baillieu, could possibly be a link with a good international bank.

"I personally would welcome a stake of 10 to 20 per cent in us."

Fraser Ansbacher came about from a merger of the Fraser investment banking business and the more traditional Henry Ansbacher merchant banking concern in about 1971. In the traumas of the subsequent fringe banking crisis it soon became clear that the Fraser property lending was excessive for Fraser Ansbacher's size and, in retrospect, unsoundly constructed. Two deals have caused most trouble. One involved the acquisition of a marina in Eastwood, Essex, for £401,000, with further investments of about £1.7m. This was disposed of last year for £[illegible], leaving Ansbacher with around £2m losses.

The second deal involved an investment in a Frankfurt building, which had to be disposed of for a nominal figure. The loss here was around £100,000—though Ansbacher hopes it may yet get more money back.

The new Henry Ansbacher Holdings wants to be seen as a straightforward, if small, merchant bank. There is to be no more investment banking: the sources are being concentrated on deposit-taking, the documentary credit business, and on developing small corporate finance and investment management departments.

The Fraser Ansbacher shares closed up ½p at 15½p.

Robeco sells its 20% stake in Wereldhave

BY MICHAEL CASSELL

Robeco, the Rotterdam-based investment group, has sold its 20 per cent share stake in Wereldhave, the Dutch property company which earlier this year failed in its attempt to win control of English Property Corporation.

Wereldhave announced last night that the 20 per cent stake—just over 546,000 shares valued at about £15¼m—had with its knowledge been sold to "two or three" foreign investors at the market price.

A spokesman said the deals meant that no more than 10 per cent of the Wereldhave equity now lay with one shareholder. The identity of the purchasers were not disclosed, but Hill Samuel, who placed all the shares, said last night that no UK investors were involved. The purchasers had been "large institutions" outside Holland and the UK.

Wereldhave said that the purchasers regarded their stakes as long-term investments.

The disposal of its Wereldhave stake by Robeco follows the announcement earlier this year that it was launching its own property fund, known as Rodamco. Its holding in Wereldhave was regarded as a conflict of interests.

Rodamco already has a property portfolio in excess of £130m, the nucleus of its portfolio acquired by Robeco in 1973 when it took over Unitas, the investment trust company.

The reduction of the size of individual shareholdings in Wereldhave is likely to be welcomed by the company. Pressure from some of the major shareholders was thought to be instrumental in its eventual decision to withdraw from the EPC bid.

NO PROBE

The acquisition by Fisons of the peat business of T. Howlett and Co. is not being referred to the Monopolies and Mergers Commission.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Food Fair turns in heavy first-half loss

PHILADELPHIA—Food Fair made a net loss of $117m in the first half of its 1978-79 financial year. The company is operating under the Chapter 11 bankruptcy regulations.

Some $15m of the loss came from continuing operations, $60m from closed supermarkets and support facilities and $42m from the J. M. Fields discount department store division, which has been discontinued.

Revenues for the first half totalled $1bn. Food Fair said that its continuing operations for the 12 weeks to April 7 showed an operating profit of $1.3m on revenues of $243m, but after application of interest and Chapter 11 expenses, it expects to show a loss for that period also.

Food Fair said its continuing operations were not budgeted to be profitable for the summer months due to the large number of continuing supermarkets in the sun belt.

"Intense price competition" in the Baltimore region will add to those losses, it said.

Food Fair has closed over 200 supermarkets and all 79 of its J. M. Fields discount department stores in its programme to eliminate unprofitable operations since filing for Chapter 11 in October last year.

Reuter

Charter plans Carey debt settlement

By David Lascelles

CHARTER COMPANY, which recently bought the financially ailing Carey Energy Corporation, has taken the first steps towards settling that company's debts.

Under an agreement with the Libyan National Oil Company, a major creditor, Charter will pay back $180m in five to eight years. Payments will be made as a premium over the contract price for oil bought from the Libyans. Charter is seeking similar arrangements with two other large creditors — the Iranian National Oil Company, and Standard Oil of California.

Charter also said it has set up a one-year $150m credit with a group of European banks. Carey Energy's total debts amount to about $500m, incurred mainly by its Bahamian refinery.

Towle to buy ARA assets

NEWBURYPORT — Towle Manufacturing Company has reached agreement in principle with ARA Services, the vending and food services group for the acquisition of the operating assets of the giftware division of Sigma Marketing Service and Sigma Marketing.

The agreement provides for a purchase price based on book value of the assets at the closing, Towle said. The purchase price is payable, in part, by the issue of 170,000 shares of Towle common and the balance by a three-year promissory note.

Towle said the shares will be placed in a voting trust.

At any time during the first two years after closing, Towle will have the right to purchase any and all of the shares from ARA at $25 per share. At the end of two years from closing, ARA will have the right to require Towle to purchase the shares at $25. Reuter

IU International seeks to hive off shipping offshoot

BY DAVID LASCELLES IN NEW YORK

IU INTERNATIONAL, the international transport and utilities concern, is considering hiving off Gotaas-Larsen, its troubled shipping subsidiary which has dented IU's recent earnings performance.

IU said it was investigating the possibility of setting Gotaas-Larsen up as a separate publicly-traded company owned by IU International shareholders, and organised "under a company located outside the U.S."

According to IU, its bankers have said such a spin-off would enhance the value of both IU and Gotaas-Larsen, but that many steps would have to be taken before the proposal could be fully evaluated.

IU has been taking a hard look at Gotaas-Larsen for some time following the subsidiary's commissioning of enormous and, as it turned out, surplus LNG carrier capacity.

At the beginning of this year Mr. John Seabrook, the chairman of IU, said that he hoped the cancellation of one LNG carrier, deferment of delivery of another and a further reduction in the company's oil tanker fleet would reduce Gotaas-Larsen's obligations and strengthen its future cash position. But these actions entailed penalties and charges amounting to a $56m charge on earnings. As a result, the subsidiary reported a $7.2m operating loss in the last quarter of last year. In the first quarter of this year, though, it made a profit of $13.7m.

In the final quarter of last year IU International turned in a loss of $41.8m after suffering a special charge reflecting attempts to trim prospective losses at Larsen, including a $26.9m cancellation penalty on a tanker contract.

Gotaas-Larsen was responsible some six years ago for one of the largest block orders ever placed for liquified natural gas (LNG) tankers.

Edper bid to control Brascan

BY ROBERT GIBBENS IN MONTREAL

EDPER EQUITIES, controlled by the Peter and Edward Bronfan interests, with a minority stake held by the Patino mining family, is going for outright control of the big Toronto holding company, Brascan Ltd. This is the sequel to edper's successful blocking action which effectively prevented Brascan going ahead with its $1.2bn bid for F. W. Woolworth in the U.S.

Edper plans to purchase up to an additional 5m Class A shares of Brascan at C$28 per share. This is the same price that Edper offered for the controlling block in Brascan at the end of April, before Brascan announced its bid for Woolworth. Edper withdrew that bid but later acquired 26 per cent of Brascan through the American Stock Exchange in New York at an average price of well below C$28.

The new Edper offer for up to 5m more Brascan shares will be made on June 14 on the Canadian stock exchanges. If accepted, it would bring Edper's total holdings of Brascan voting stock to 50.1 per cent of the outstanding, from the present total holding of about 31 per cent.

The cost of the new offer, assuming it is accepted, will be about C$140m and would bring to C$340m the amount spent by Edper on acquiring Brascan control in the past month.

Full details of an agreement between Brascan management and Edper Equities have not been revealed yet. Lawyers for both sides say they are working "to get things down on paper."

Edper said no changes are contemplated in Brascan senior management, but Edper will seek representation in the Brascan boardroom in proportion to its ownership. Edper also said no decisions have been taken on investment of the nearly $400m that Brascan received in cash for nationalisation of its Brazilian power subsidiary. But Edper indicated that its policy will lean towards investment in resources and the financial sector. Brascan management does not plan an immediate comment on the offer.

However, rumours persist that Mr. John H. Moore will resign as chairman of Brascan under the agreement being worked out between Brascan and Edper Equities.

Optimism at Bethlehem Steel

NEW YORK — Bethlehem Steel expects second quarter earnings to be above the year ago level of $1.95 a share, according to Mr. Lewis W. Foy, chairman. He also thinks it "entirely possible" that Bethlehem would have to hold "serious discussions" with the Council on Wage and Price Stability in mid- or late summer about compliance with Government guidelines.

The company's ability to comply with those guidelines, he declared, was becoming "more precarious every day" because of higher energy and labour costs. Whether Bethlehem would be able to stay within those guidelines under that kind of cost pressure is "a big question mark," he added.

Meanwhile, Bethlehem is presently "booked solid" through the third quarter, but still has some room for orders in the fourth quarter.

entry is high and Bethlehem is currently running its steel plants at 90 per cent of capacity. Reuter.

Canadians raise spending plans

BY VICTOR MACKIE IN OTTAWA

A CANADIAN Government survey of major corporations has turned up good news for the new minority Government, showing that plans for investment in new plants and production facilities this year are higher than estimated.

The regular April survey of 300 major corporations by the Department of Industry, Trade and Commerce, disclosed that they will invest about C$20.7bn in new buildings and equipment in 1979, about C$1bn higher than estimated in a survey last October.

The department said this in the first time in four years that investment estimates had been revised upwards between October and April surveys.

The proposed new investment means that there will be more jobs and greater capacity to produce the goods and services that contribute to the country's total wealth, reflecting an improvement on the sluggish growth of the last few years.

The corporations surveyed represent about two-thirds of non-agricultural investment. Small businesses are not included.

The department said the survey suggests the actual increase in the level of real business spending — after inflation is discounted — will be between 4 and 6 per cent of 1979. This compares with actual increases of less than 1 per cent since 1975.

Export markets are particularly healthy for Canadian companies because of the lower value of the dollar, which has made Canadian goods more competitive abroad.

Strong increases in profits in the past year were a factor influencing the stepped-up investment plans.

In manufacturing, the survey found planned investment to be about C$4.7bn, up C$237m from the October survey. Transportation equipment, primary metals and food and beverages showed the strongest increases, while chemical companies remained the weakest. In non-manufacturing, mining, transportation and storage, as well as trade, finance and other commercial sectors, there are strong increases in investment plans. Oil, gas and communications companies were weaker.

The survey also found that nearly all the C$1bn increase in spending plans was in the private sector. Crown corporations had few revisions.

There is a "relatively favourable" domestic climate in Canada this year. Companies investing both abroad and in Canada show marginally higher rates of increase in planned spending in Canada rather than in other countries.

Foreign-owned firms show a higher rate of increase in capital spending in Canada than domestic controlled firms.

Heller confirms it is target for takeover

CHICAGO—Walter E. Heller International Corporation, the commercial financing group, announced that it "had been contacted with regard to the possible acquisition of the company." It said conversations had been held without reaching an agreement, and that none was expected, it added.

The company declined to identify its possible purchaser. However, opinion in financial circles was nearly unanimous that if an acquisition takes place, it would have to be by a foreign bank. "I just can't see how a domestic industrial company can buy a bank holding company," Mr. Harvey Bundy III, security analyst and partner in the investment banking group William Blair, commented yesterday.

Other analysts expressed surprise that Heller had not become a takeover target long ago. One analyst commented that a factor making Heller attractive is that its stock has been selling below book value. At the close of the first quarter, book value was about $24.21 a share.

Heller's common jumped by $5.375 on the New York Stock Exchange to $23.25 following the company statement.

Foreign banks, it is suggested, would find Heller's nationwide chain of 52 commercial finance, factoring and leasing offices an attractive feature in extending or expanding into the U.S. Heller also has finance, factoring and leasing operations in 21 countries, while its bank subsidiary, American National Bank Trust of Chicago, has branches or offices in 11 countries, plus 21 commercial finance and consumer loan offices in Canada.

AP-DJ

Thomson sees further growth

By Our Financial Staff

IN HIS first report as president of International Thomson Organisation—the Canadian holding company set up last year to take in the former Thomson Organisation—Mr. G. C. Brunton said that the first three months of this year showed satisfactory performance except for Times Newspapers where losses were incurred. The results for Times Newspapers for the year as a whole could not be predicted with reasonable accuracy.

The group expects further growth in revenues and trading profits in its principal trading areas in 1979, but the costs of the suspension at Times Newspapers and uncertainty regarding taxation of oil profits make it difficult to forecast earnings for the year.

Substantial cash inflow is expected for several years but oil revenues will peak in the next few years before declining as production falls.

The company intends to acquire new businesses and will seek high quality earnings in businesses with strong growth potential. It will be more concerned with achieving medium- and long-term objectives than with increasing short-term earnings.

EUROBONDS

Alcoa of Australia plans $50m ten-year issue

BY FRANCIS GHILES

A $50M ten-year issue for Alcoa of Australia Limited is being arranged by Credit Suisse First Boston. The indicated coupon is 10 per cent and the bonds will have an average life of 8.5 years if the purchase fund is fully used.

As with two other issues it has already arranged this year—a convertible for Credit Suisse and a floating rate note for Citicorp—CSFB is sole lead-manager and there is no management group.

Prices in the secondary market in dollar straight bonds were unchanged yesterday: further indications pointing towards a recession in the U.S. helped sentiment but a weaker dollar had an adverse effect.

Allotments will be sent out today for the $40m FRN for Creditanstalt Bankverein. Demand is reported to be very strong which is explained as much by the firmness of seasonal longer maturity FRNs as by the scarcity of Austrian paper.

Nippon Densetsu Kogyo Company will offer 4m shares of common stock through a limited syndicate to be managed by Daiwa Europe. These shares will be represented by European depository receipts. The terms of the issue are expected to be fixed on June 12.

A $25m FRN for Sonatrach is expected next week through Credit Lyonnais.

In the Swiss franc sector, prices of seasoned issues moved up a little after three rays of what dealers describe as very nervous trading. The EIB is arranging a SwFr 100m 12-year issue through UBS. Final terms include a coupon of 4½ per cent and pricing at par and a half.

The same bank is arranging a SwFr 25m convertible for Tsubakimoto Chain and a SwFr 60m private placement for Sikisui Chemicals. The first carries a coupon of 4¼ per cent for five years with pricing at par while the second carries a coupon of 4¾ per cent and a pricing at par.

The £25m 12 year bond for the EIB has been priced at 99 while the indicated coupon of 11½ per cent has been unchanged by the lead manager, Kleinwort Benson. The bonds have an average life of 8.6 years.

$30.1m loan for Ethiopia

BY JOHN EVANS

ETHIOPIA IS tapping the syndicated Eurocurrency market for the first time in order to finance the purchase of Boeing aircraft.

Ethiopian Airlines has awarded a mandate to Chase Manhattan for a $14m loan, which will be part of a total $30.1m facility to be provided in conjunction with the U.S. Export-Import Bank. The package will help finance two Boeing 727 aircraft, as part of the airline's fleet modernisation.

The Euromarket loan will be fully guaranteed by the Ethiopian Government.

The maturity of this loan is 5½ years, and for the Eximbank portion, 10 years. Interest rates were not disclosed.

AIBD MEETING

Changes rejected by dealers

BY NICHOLAS COLCHESTER

A LIVELY and sometimes confused annual meeting of the Association of International Bond Dealers (AIBD) yesterday rejected two of the most significant changes suggested by the Board.

It turned down the idea of a supervisory council to provide the AIBD with a stabilising influence, and it refused to change into a rule a "recommendation" preventing the transaction, under AIBD rules, of international bonds prior to issue.

The meeting also turned down an outside proposal that the size of the "round lot"—the standard Eurobond trading package to which the price quoted by a market maker applies—should be raised from $10,000 to $25,000. Proponents thought that such a move would recognise the market's increased maturity and also keep pace with inflation.

The opposition came chiefly from the smaller market participants and those who felt that preserving the old size would keep international bonds attractive to the small investor.

The Board's suggestion on the new rule for "after-market" transactions prompted much discussion and even more bewilderment. Mr. Stanley Ross, of Ross and Partners, asked if the new rule would make it impossible for him to make a market on an "if, as and when issued" basis.

He received no clear answer from the Board—or at least none that was clear to the majority of participants. The grey market thus lived up to its name with the dividing line between primary and secondary markets remaining ill-defined and hence the applicability of AIBD dealing rules ill-define as well.

The idea of a supervisory council was only narrowly defeated: some members questioned its exact function and others its privileged position.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco O/S Cap. 10¼ 87	40	97⅝	98⅛	0	+0¼	10.66
Bayer Int. F. XW 7¾ 89	200	84⅞	85⅜	0	+0⅜	9.68
CECA 9¾ 84-99	50	95½	96	0	0	9.85
Canada 9 83	400	98⅛	98⅝	−0⅛	+0¼	9.61
Canada 9¾ 98	350	97⅞	98⅜	0	+1½	9.88
Canadian Pacific 9¾ 89	50	98⅞	99⅜	0	+0⅛	9.89
Comalco Inv. E. 10¼ 91	40	99⅝	100⅛	0	0	10.26
Dow Chem. O/S 9¾ 94	200	98⅝	99⅛	0	+0¼	9.78
EIB 9⅛ 98	125	†93¾	94½	+0⅜	+1⅜	10.05
EIB 9⅝ 86	150	99⅞	100⅜	+0⅛	+1	9.35
EIB 9⅞ 99	100	99½	100	−0¼	+0⅜	10.15
Export Dv. Cpn. 9.85 84	150	101	101½	0	+0½	9.73
Export Dv. Cpn. 9⅝ 84	100	97⅞	98⅜	0	+0⅛	9.74
Eksportfinans 9 86	50	96⅜	96⅞	0	+0⅝	9.65
Finland 9½ 86	100	†97½	98	0	+0⅛	9.96
GTE Fin. 9½ 84	50	98½	99	0	+0¼	9.82
Gould Int. Fin. 9¾ 85	50	99¾	100¼	0	+0⅛	9.73
Hospital O/S 9 83	25	97	97½	0	+0¼	9.79
Hudson Bay Co. 10 94	50	101	101½	0	0	9.82
Itel Finance 9¾ 90	30	92¼	93¼	−0¼	0	10.83
Itel Finance 10½ 93	40	96½	97	0	+0⅛	10.96
ITT Antilles 9½ 89	75	97⅝	98⅛	0	+0½	9.84
Manitoba 9½ 89	75	97⅞	98⅜	0	+0⅜	9.79
New Brunswick 9¾ 94	75	98¼	98¾	0	0	9.94
Newfoundland 10 94	50	100⅞	101⅜	0	+0⅜	9.84
Norsk Hydro 9¼ 94	50	95½	96	0	+0¼	9.80
Norway 9¾ 84	150	100¾	101¼	−0⅛	+0⅛	9.70
Norway 9½ 84	150	98⅞	99⅜	0	+0⅜	9.72
Nova Scotia Pwr. 9¾ 89	50	98⅝	99⅛	0	+0⅛	9.93
Portland 10 84	50	98	98½	0	0	10.46
Quebec Hydro 10 99	75	96½	97	0	+0⅛	10.39
Redland Fin. XW 9½ 91	25	†92¾	93¼	0	+0⅛	10.55
Sears Roebuck 9 82	150	98½	99	0	+0¼	9.51
Stockholm 9¾ 94	60	99¾	100¼	+0¼	+0⅜	9.98
Sweden 9¾ 89	100	99⅛	99⅝	−0⅛	+0½	9.85
Sweden 9½ 86	200	99¼	99¾	+0⅛	+0⅛	9.83
UK 8⅞ 93	150	95⅛	95⅝	0	+0⅛	9.70
U.S. Leasing Intl. 10 84	20	97⅜	98⅛	+0⅛	+0½	10.57

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	90⅝	91⅜	+0⅛	+1¼	7.06
Argentina 6½ 88	150	90⅛	90⅞	−0½	−0¼	7.96
Argentina 7½ 89	150	94⅜	95⅛	0	+0⅞	8.29
Australia 6 88	250	92⅞	93⅜	+1	+1⅞	7.01
Austria 5¾ 90	150	87⅛	87⅞	+0⅛	+0⅞	7.40
Banco Desarrollo 7¼ 86	[illegible]	95⅜	96⅛	+0⅜	+0½	8.08
Barclays O'seas 6¾ 89	100	96¼	97	+0⅜	+0⅜	7.24
Bq. Ext. Algerie 7⅛ 85	100	95⅝	96⅜	+0½	+0¼	8.06
Brazil 7¼ 87	150	95⅜	96⅛	0	+0½	8.01
CECA 6 88	150	89⅛	89⅞	−0⅞	+0¼	7.59
CECA 7 91	150	96¼	96¾	0	+0½	7.45
Copenhagen City 6 90	75	86⅜	87⅛	−0⅛	−0⅛	7.75
Council of Eur. 6¼ 88	130	90⅝	91⅜	−0⅛	+0½	7.62
Council of Eur. 7¼ 85	100	97⅞	98⅜	+0⅜	+0⅜	7.50
Denmark 5¾ 85	100	93½	94¼	+0¼	+0⅛	7.09
Denmark 6½ 89	100	93⅞	94⅝	+0⅜	+0⅜	7.34
EIB 6 90	300	86½	87¼	−0⅜	−3⅛	7.78
EIB 6½ 91	200	91¼	92	0	+0¾	7.81
Eletrobras-Brazil 7 87	100	94⅜	95⅛	+0⅛	+0¾	7.93
Eurofima 6½ 89	100	95¾	96½	+0⅛	+0⅞	7.06
Finland 6 83	150	97¾	98½	+0⅜	+1⅛	6.48
Indonesia 7 84	100	96½	97⅜	+0⅜	+0⅞	7.72
Megal Fin. 7 89	150	97⅝	98⅜	0	+0⅜	7.29
Mitsubishi Chem. 6½ 84	70	98⅞	99⅝	+0⅛	+0⅞	6.68
New Zealand 6¾ 87	200	94⅝	95⅜	0	0	7.12
Nippon Kokan 6½ 84	100	99	99¾	+0½	+1	6.65
Nippon Steel 5¾ 85	100	94⅞	95⅝	+0⅛	+0⅜	6.70
Nippon Tel. & T. 5½ 87	100	89⅜	89⅞	+0½	+1¼	7.33
Nordic Inv. Bk. 6¾ 86	60	94⅞	95⅝	+0½	+0½	7.17
Norges Komm. 6¼ 89	150	90	91	−0½	−0¾	7.68
Norway 6¼ 84	200	99⅜	100⅛	+0¼	+0½	6.24
Occidental 6¾ 90	150	92⅜	93½	+0⅛	+0¼	7.66
OKB 6½ 88	100	96¾	97½	+0¼	+0⅜	6.91
OKB 6 87	40	91½	92½	0	−1½	7.40
Statoil 6 88	150	90½	91½	+0⅞	+0⅞	7.37
Statoil 6½ 89	150	96⅜	96⅞	−0⅞	−1	6.98
Tokyo Elec. Pwr 6½ 85	200	96⅞	97⅝	+0⅜	+0⅞	7.16
UDS Group 5¾ 83	65	93¾	94½	+0⅛	+0⅜	7.40
Venezuela 6½ 90	150	88⅛	88⅞	+0¼	+0½	8.07
World Bank 6¼ 88	400	91⅞	92⅛	+0⅜	+1¼	7.49

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	101½	101⅞	+0¼	−0½	5.04
Amer Exp. Int 3½ 93	40	93¼	93½	0	−0¾	4.11
Asian Dev. Bank 3½ 94	100	†84	84½	−0⅜	−0⅞	5.04
Austria 3½ 93	100	87¾	88	+0⅞	0	4.67
Australia 3⅞ 83	250	94	94¼	+0⅜	+0½	4.37
Brazil 4¼ 88	100	96	96¼	+1	+1⅜	4.76
Canada 3⅝ 89	300	94	94¼	+0⅜	+0½	4.37
Chase Manhattan 4 93	70	99¾	99½	+0⅞	+0¾	4.06
Council of Eur. 4¼ 90	100	94⅞	95⅛	+1⅜	+1⅜	4.82
Bankamerica 3¾ 93	80	93¼	93½	+0¾	+0⅛	4.38
BNDE 5 88	75	100⅜	100⅞	+0⅛	0	4.91
Denmark 4½ 90	100	100½	101	+0¼	+1	4.41
Euratom 4¼ 93	80	93⅞	94⅛	+0⅜	0	4.74
F. L. Smidth 4½ 89	25	98¼	98¾	+0½	−0¼	4.6
Finland 4½ 93	80	98⅜	98⅞	+0¾	+0⅞	4.63
Heron 4¾ 89	35	93	93½	+0⅜	−0½	5.14
ICI Fin. NV 3¾ 94	230	89⅛	89⅜	+0⅜	+0⅛	4.51
Malaysia 4¾ 90	80	97	97¼	+0⅜	+1¼	5.08
New Zealand 3½ 94	120	†90	90½	+1⅛	+0⅞	4.41
OKB 3¾ 91	100	91¾	92	+0⅜	−0⅞	4.66
Pfand Ost. Lande 4 90	80	93½	93¾	+0⅜	+0⅜	4.76
Philippines 4¾ 89	50	96	96½	+0⅞	+0½	5.25
Sandvik 4 90	85	94¾	95¼	+0½	+0¼	4.57
Spain 4 91	100	93⅜	93⅝	+0⅜	−0¼	4.73
Vienna 4 93	100	91¾	92	+0⅜	−0½	4.80
World Bank 4¼ 93	250	96½	96¾	+1⅜	+1⅜	4.56

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅞ 83	15	86½	87½	−0⅛	−0⅜	7.77
Australia 5.6 83	30	93¼	94¼	0	−0¼	7.38
Australia 6½ 88	20	91⅞	92⅞	0	−0¼	7.83
Finland 5.6 83	10	92	93	+0⅛	−0¼	7.72
Finland 6.8 88	10	92⅝	93⅝	+0⅜	+0⅛	8.07

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	97⅞	98⅛	+0⅛	+0⅛	9.
Avco Fin. 10½ 86 C$	25	97	97½	0	0	10
Bk. Br. Col. 10¼ 89 C$	10	†97¼	97¾	0	−0½	10.
Br. Col. MFA 10¼ 99 C$	24	98⅞	99⅜	0	+0⅜	10.
Ex. Dev. Cpn. 10 84 C$	50	99½	100	0	+0¼	10.
Fst. Can. Inv. 10 84 C$	50	99⅜	99⅞	+0⅛	+0¼	10.
Hudson Bay 10½ 89 C$	60	100⅜	100⅞	−0⅛	+0⅜	10.
Quebec 10¼ 86 C$	50	98⅛	98¾	0	+0⅜	10.
R. Bk. Canada 10 86 C$	40	100⅛	100⅝	0	+1⅛	9.
R. Bk. Canada 10 94 C$	40	96½	97	+0⅛	+0⅛	10.
Copenhagen 8¼ 91 EUA	25	†97¼	98½	−0⅜	−0⅛	8.
Komm. Inst. 7½ 93 EUA	15	95⅜	97	+0⅜	−0⅜	7.
Panama 8¼ 93 EUA	20	95¼	96½	+0⅛	−0⅜	8.
SOFTE 8¼ 89 EUA	40	96½	97½	+0⅛	−0⅜	8.
Algemene Bk. 6¾ 83 Fl	75	94⅝	95	−0⅛	−0⅜	7.
CFE Mexico 7¼ 83 Fl	75	96	96¾	−0½	−0⅜	8.
EIB 7¼ 85 Fl	75	93	93¼	0	0	8.
Ned. Middbk. 8¼ 84 Fl	75	99⅞	100⅜	−0⅛	−0⅜	8.
New Zealand 6¾ 84 Fl	75	92¼	93	−0⅛	−1	8.
Norway 8¼ 84 Fl	100	98	98⅜	−0⅛	−1	8.
Elf Aquitaine 9¾ 88 FFr	150	97⅞	97⅞	0	0	10.
EIB 9¾ 88 FFr	200	97½	98	0	−0⅛	10.
Norway 9¼ 84 FFr	200	97½	98¼	−0⅛	−0⅜	9.
PSA Peugeot 9¾ 87 FFr	175	97¼	97¾	−0⅛	−0⅜	10.
Saint-Gobain 9¾ 86 FFr	130	97½	98¼	−0⅛	0	10.
Solvay et Cie 9¾ 87 FFr	125	97½	98¼	−0⅛	0	10.
Total Oil 9¾ 87 FFr	150	95⅜	96⅛	0	−0⅜	10.
Unilever 10 85 FFr	100	99⅜	100⅛	−0⅛	−0½	10.
CECA 9⅞ 89 £	20	91⅝	92⅞	0	0	10.
Citicorp 10 93 £	20	[illegible]	91¾	0	−0⅛	11.
FIR 9¾ 88 £	25	[illegible]	92⅞	0	−0⅛	11.
Finance for Ind. 13 91 £	15	102⅞	103⅜	0	0	12.
Gen. Elec. Co. 12½ 89 £	50	100⅞	101⅜	0	0	12.
Euratom 8 87 LuxFr	500	99⅛	99½	+0⅛	−0⅜	8.
Norges Km. 8 86 LuxFr	500	98⅛	99⅛	0	+0¼	8.
Oslo, City of 8 89 LuxFr	500	97⅞	98⅞	0	+0¼	8.
Solvay Fin. 8 85 LuxFr	500	98	99	+0⅛	+0¼	8.
Swedish Bk. 8 88 LuxFr	500	97⅞	98⅞	+0⅛	−0⅜	8.

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. M5 5 89	0¼	98⅞	99⅜	12/7	12.4	12.5
Banco di Roma M6 87	0¼	98⅜	98⅞	26/10	11.19	11.3
Bco. El Salvador M8 93	1¼	94¾	95½	12/10	12¼	12.5
Bco. Nac. Argent. 7 86	0¼	97¾	98¼	22/9	11½	11.7
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.7
Bank of Tokyo M5½ 93	0¼	98⅜	98⅞	18/10	11⅜	11.5
Bq. E. d'Alg. M8.375 84	0¾	97¼	97¾	9/8	11⅞	12.1
Bq. Ext. d'Alg. M7.5 85	0⅜	95½	95¾	2/11	11⅞	12.4
Bq. Indo et Suez M5½	0¼	99¾	100¼	25/7	12	12.0
BNP 5½ 91	0¼	98½	99	22/2	11⅛	11.5
Ch. Man. O/S M5¼ 93	0⅛	99⅛	99⅝	27/7	11.73	11.8
Citicorp O/S Fin. 6 94	0¼	99½	100	8/6	11.06	11.0
Gotabanken M6 88	0¼	98⅛	98⅝	15/5	11½	11.6
Ind. Bk. Japan M5¼ 85	0¼	99⅜	99⅞	1/6	12.35	12.4
LTCB Japan M5¼ 85	0¼	99⅜	99⅞	9/10	11⅜	11.0
Mfrs. Han. O/S M5¼ 94	0⅛	99⅛	99⅝	23/8	11.19	11.2
Midland Intl. M5½ 93	0¼	99	99½	20/7	12¼	12.3
Nipp. Crdt. Bk. M5 5 85	0¼	99⅜	99⅞	22/6	12.81	12.8
OKB M5¼ 88	0¼	99⅜	99⅞	18/10	11.44	11.4
Offshore Mining 86	0¼	99	99½	19/7	12.19	12.2
Petro Mexicano M7 84	0¼	99	99½	24/7	12.06	12.1
Privredna Banka M8 86	0⅞	96	96½	22/6	13.44	13.9
Sundsvallsbnkn. M6 85	0¼	97⅞	98⅜	4/10	11.06	11.2
Texas Int. Air. M7 86	0⅜	97⅜	97⅞	11/10	11⅛	11.5
TVO Pwr. M9 91 (D-L)	0⅜	98⅜	98¾	24/11	11⅛	11.2
Utd. Overs's Bk. M6 89	0¼	97¾	98¼	29/9	11.14	11.3

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	122¼	124	0	2.6
Boots 6¾ 93	2/79	2.16	98⅛	98⅞	−0¼	−4.1
Ciba-Geigy O/S F. 4 94	9/79	675	†91½	92½	0	−15.7
Coca-Cola Bottling 6¾	4/79	9	89¼	90½	+0⅛	22.0
Esselte 7¾ 89	9/79	159	95⅞	96⅞	0	7.7
Honda Motor 5½ 89	5/79	532	95	96	0	4.5
Ito-Yokado 5¾ 93	6/78	1339	†105¼	106⅞	−0⅛	2.6
Nitto Elec. Ind. 6 94	7/79	735	†94	95	0	8.6
Novo Industri 7 89	4/79	259	†89½	90	0	13.2
Texas Int. Air. 7½ 93	4/79	14.5	89¾	91	0	21.9
Thorn Int. Fin. 7 88	11/78	3.67	130⅝	131½	−0⅛	−3.3
Asahi Optical 3½ DM	12/78	588	83⅞	84⅝	−1½	3.73
Casio Cp. 3½ 85 DM	11/78	841	86⅞	87⅝	+0⅛	16.15
Fujitsu 5 84 DM	7/79	475	101	102	+0⅛	17.73
Jusco 3½ 86 DM	1/79	1154	82½	83⅜	+0⅛	24.14
Kansai Elec. 4 84 DM	4/79	1350	87¼	88¼	−0⅜	20.25
Konishiroku 3½ 85 DM	1/79	612	85¼	86¼	−0½	18.01
Marudai Food 3½ DM	2/79	1033	82⅜	83⅛	−0¼	33.24
Murata M. 3½ 86 DM	11/78	854	87	88	−2½	9.37
Nippon Ysn 3½ 85 DM	1/79	251	114⅛	114⅞	−4⅜	−5.79
Nissan Diesl. 3½ 88 DM	2/79	477	88⅜	89⅛	−0⅛	5.35
Olymp. Opt. 3½ 85 DM	2/79	703	†91½	92⅜	−1⅞	−0.49
Sharp Cpn. 3½ 88 DM	2/79	487	92⅞	93⅝	−0⅛	11.34
Stanley Elec. 3½ DM	11/78	623	81¾	82⅛	−1⅜	33.09
Tokyo Elec. 3½ 87 DM	4/79	476	91⅛	92	+4⅛	31.71
Tokyo Ld. Co. 4 86 DM	4/79	493	86½	87½	−0⅞	10.28
Trio-Knwd. 3½ 86 DM	11/78	711	81½	82¼	−0⅜	25.21

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Palm Beach sales ahead

LOS ANGELES—Palm Beach Incorporated, the clothing group, expects net income for the second quarter to be "flat" when compared with last year's 34 cents a share, according to Mr. Elmer L. Ward Jr, president, but sales should be higher than last year's $43m.

Mr. William B. Anneken, executive vice-president of finance, states, however, that while earnings for the first six months will be flat, they will rise in the latter part of the year. Sales, he adds, should go through the $300m barrier for the full year, against last year's $240m.

Analysts' estimates of earnings this year of between $4 and $4.25 a share, against $3.72 last year, were described by Mr. Ward as reasonable.

Meanwhile, Palm Beach's board has voted to sign a letter of intent to acquire Haspel Brothers, a privately-held maker of men's clothing, based in New Orleans with annual sales of $12m.

Palm Beach's directors have also voted to go ahead with its planned acquisition of Gant Incorporated, a Consolidated Foods Corporation subsidiary. Again, terms were not disclosed.

Agencies

Better outlook for Research Cottrell

SOMERVILLE — Research-Cottrell, the pollution control equipment group, expects its second half performance to be comparable to last year's second half, Mr. John E. Schork, the chairman, told securities analysts.

Commenting on the recently reported second quarter earnings of 5 cents a share compared to the year-earlier 46 cents, Mr. Schork said two non-recurring factors caused the sharp decline.

Cost overruns in resuming veil construction on several cooling tower projects that were suspended after the Willow Island accident created the major decline.

The other factor was closing the Brighton steel fabricating facility, where a tight labour market reduced productivity.

Reuter

Satisfactory results from Suez group

By David White in Paris

RESULTS SO far this year at the Suez banking, industrial and property group have been "satisfactory overall," according to M. Michel Caplain, the chairman.

The group's banking subsidiaries, Indosuez, and Credit Industriel et Commercial, faced difficult conditions because of continuing curbs on credit growth and narrow margins caused by a strengthening of competition, he told the annual meeting. The first few months of the year were, however, "very much comparable" with 1978.

The La Henin property concern would show distinctly higher profits for its current financial year, and Suez's wide-ranging industrial interests were better placed than French industry as a whole, M. Caplain said.

The group was not greatly involved in the crisis-hit sectors such as steel, where it had no shareholdings and only limited banking interests.

The value of the group's share portfolio interest could rise considerably, given even a small improvement in the world economic climate, he said.

The holding company, Cie Financiere de Suez, in which the British Government holds 7.66 per cent showed a net profit of FFr 224.9m ($50.7m) last year, including FFr 55.9m of exceptional gains arising in part from the transfer of provisions made at the end of 1977. Discounting these, the proft figure of FFr 169m was slightly down on the previous year's FFr 171m.

SEAT moves heavily into the red

BY ROBERT GRAHAM IN MADRID

SHAREHOLDERS in SEAT, Spain's largest car manufacturer, at the company's annual meeting yesterday, backed the proposed plan for Fiat to acquire a controlling shareholding. But differences over the financial aspects of the link held up an expected announcement of the full details.

The meeting, at which several small shareholders voiced concern over the fate of their stock, was told by Sr. Juan Miguel Antonanzas, the SEAT chairman, that the Fiat majority takeover was the only hope for the future. Sr Antonanzas revealed that last year SEAT lost Pta10.3bn ($152m), the worst results in 28 years of operations. The loss is the equivalent of 10 per cent of sales and was against a minimal Pta 410m ($6m) profit the previous year.

By fully integrating with the Turin-based motor group, SEAT would be able to rationalise, cut costs but preserve the existing 32,000 labour force, he said. Fiat had put forward several understandable conditions for raising its current 34 per cent stake to a minimum 51 per cent. These were a free pricing system, the right to lay off workers when stocks rose above 45,000, freedom to switch workers from one plant to another and fully liberalised legislation on tariffs for imported components, plus concessions on importing new plant for new models (against this, Fiat would, from 1982, assume full responsibility for the company, including any losses outstanding.

A five-year restructuring of SEAT has already been agreed. This began last June, and so far some Pta 10bn has been spent out of an estimated $780m. The plan is based on a halving of the existing model range so that SEAT produces three models, all with a minimum daily production of 500 units. Previously the SEAT 127 was the sole model to reach such a level.

The two main models to be produced in Spain in future will be the Ritmo and the Cero, with up to 50 per cent of the latter geared to export. Sr Antonanzas said that two key features of the Fiat agreement were the integration with the latter's export network and upgrading and continuation of SEAT's R and D work at the Martorell plant.

Last year, SEAT produced only 288,000 cars against a total capacity of 360,000. This was 18 per cent down on previous year's figures.

Sr Antonanzas held no hope for any improvement in 1979 results with stocks still high (around 50,000) and the economic recession continuing. But he pressed shareholders to support a Pta 12bn share increase in two equal tranches to take place within the next 18 months.

In principle, Fiat and INI, the state holding company that has 36 per cent of SEAT equity, will, along with six Spanish banks underwrite the share issue. This will mean that of the Pta 6bn being raised small shareholders must raise only Pta 833m but it is unlikely that many will subscribe.

This first stage envisages Fiat raising its stake from 34 per cent to 38 per cent. The percentage of final Fiat ownership has not been resolved since it could acquire substantially more than the 51 per cent it needs for control.

Philipp Holzmann optimistic on profits

By Roger Boyes in Bonn

PHILIPP HOLZMANN, one of West Germany's leading construction companies, is looking forward to high profits and improved margins this year, thanks to a revival of the domestic market and strong overseas demand.

In 1978, Holzmann recorded net profits of DM 19.2m ($10m) compared with DM 15.6m in 1977. The company intends to transfer DM 9.6m of this sum to reserves, leaving attributable profits of DM 9.6m against 1977's DM 8.4m. The board is recommending a DM 1 increase in the dividend to DM 8 per DM 50 share.

Holzmann's report reflects the delicate strategy it has had to pursue over the last few years of the West German building recession. It has expanded its overseas interest to protect it from losses on the depressed domestic market. But at the same time, it has also had to ensure that the ratio between overseas and domestic business does not become too distorted, with Beton und Monierbau which went bankrupt earlier this year after financially overstretching itself abroad.

The pick up in West German demand for property and increased public spending appears to have eased the problem for Holzmann. Domestic turnover rose last year by 7 per cent to DM 1.7bn, with public works accounting for the lion's share of the business. House and flat construction was up by 8.2 per cent, industrial construction rose by 2.1 per cent and public works —including bridge-building, drainage systems as well as housing — was up by 10.4 per cent.

Domestic margins should be improved domestically with the completion of a number of low-price projects, while overseas margins should be maintained

Volvo Car aid package delayed

BY CHARLES BATCHELOR IN AMSTERDAM

THE Dutch Government has delayed a decision on providing extra support for Volvo Car BV for several weeks, the Economics Minister, Mr. Gijs van Aardenne, told Parliament yesterday. The delay is apparently due to a failure to reach agreement among the various Ministries involved rather than in the talks with the main shareholder, Volvo of Sweden.

The Government originally hoped to announce an aid package for Volvo Car, in which it holds 45 per cent, as well as for a number of other companies, this week. Volvo of Sweden is believed to have tried to reduce its holding of 55 per cent in Volvo Car during the discussions it has been holding with the Dutch Government. A Volvo Car spokesman said, however, he was not aware of this.

Volvo Car is seeking Government support for the development of a new car in the Netherlands. It has not been decided whether this new model, which will be launched in the mid-1980s, will be a successor to the 343 or an entirely different car, the Volvo Car spokesman said.

The Dutch Government and unions are anxious that any financing provided for Volvo Car is used in the Netherlands. Volvo's Swedish shareholders want to see the investment made at home, an economics Ministry spokesman said.

One of the conditions for a Fl 200m aid package given by the Dutch Government in January 1978 was that Volvo would not develop a middle-range car similar to the 343 outside the Netherlands. Around Fl 500m is needed to develop a new model but Volvo Car has declined to comment on the amount of aid it is seeking.

The Dutch unions have claimed that Volvo of Sweden has switched production of some components from Volvo Car's plants in the Netherlands and Belgium to Sweden contrary to agreements. The Economics Ministry is now investigating this claim and if it is proved, will take steps to prevent the switching, the ministry spokesman said.

Volvo Car has raised its estimate of 1979 production levels for the second time in three months. It now expects to produce a total of 89,000 of the 343 and 66 models compared with its original estimate of 80,000 and the revised forecast of 85,000 made in February.

Sales—particularly for the modified 343—are going "very well" and it is already clear that next year's production target of 91,000 will be exceeded.

First quarter rise for Dutch insurance group

By Our Financial Staff

NATIONALE-NEDERLANDEN, the Dutch insurance group, said that the group's revenue in the first quarter of 1979 rose by 11 per cent against 9 per cent in the same period of 1978. The advance mainly occurred in international life business, investment income and professional reinsurance.

The Board expects that, barring unforeseen circumstances, the net profit per share for 1979 will rise by at least as much as in 1978 when the increase was over 10 per cent. This is also based on the assumption that the Life Insurance Company of Georgia will be acquired

The annual general meeting yesterday approved the dividend proposal which brings the final to Fl3.10 in cash or, at the option of the shareholder, Fl0.33¼ nominal value in shares, out of share premium.

Boost in earnings at Perstorp

By William Dullforce in Stockholm

PRE-TAX earnings of Perstorp, the Swedish chemicals concern, climbed by 17.7 per cent to SKr 80m ($18.2m) during the first eight months of its financial year to the end of April. Managing director Mr. Karl-Erik Sahlberg forecasts that final earnings will fall within the SKr 105-115m bracket, well ahead of the SKr 93m recorded in 1977/78, which was itself a 43 per cent improvement on the previous year.

This would give earnings per share of SKr 29-32 compared with Skr 27 a share in 1977/78 after adjusting for the one-for-five rights issue made earlier this year. Mr. Sahlberg notes, however, that further oil price increases and raw material shortages could affect his forecast.

All of Perstorp's divisions turned in higher earnings during the first eight months. Two products which had been producing losses, technical laminates and consumer plastics, both recovered. Group sales rose by more than 14 per cent to SKr 892m ($203m) and are expected to reach SKr 1.35bn during 1978-79 as a whole for a growth of 17 per cent over the previous year.

The chemical division improved its result mainly through deeper penetration of foreign markets. Profit margins did not change significantly, as the higher prices obtained were needed to cover increased production costs. Perstorp began the expansion of its plant at Aycliffe, UK, during the period.

Earnings by the building division, which includes the Warerite company in UK, are reported to be reaching "a satisfactory level." The division opened a sales office and warehouse in North Carolina during the eight months.

Perstorp expects capital spending to reach some SKr 90m during 1978/79, an advance of SKr 16m over the previous year. Liquid assets available at the end of April were larger than at the beginning of the financial year.

Norsk Hydro benefits from higher oil prices

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, now expects results for this year to be "considerably better" than in the year ended June 30, 1978.

Only three months ago, Hydro's half-year report predicted that 1978-79 profits would be lower than the NKr 241m ($46.43m), pre-tax, received in 1977-78. The price of Hydro's shares has recently risen steeply from about NKr 280, in mid-April, to a 1979 peak of just under NKr 390.

Commenting on the improved outlook, Mr. Odd Narud, company president, points out that trading conditions for several of Hydro's main products have improved significantly since the turn of the year. This is particularly true of oil products, but also applies to aluminium and fertilisers.

Hydro has shareholdings in both the Frigg and Ekofisk fields, and both have been operating satisfactorily this year, without breaks in production. Meanwhile, oil prices have been rising faster than expected.

The oil prices have also benefited the new petrochemical complex at Rafnes, East Norway, which Hydro owns in partnership with Statoil and Saga. While the Rafnes ethylene plant uses NGL from Ekofisk as feedstock, almost all Europe's ethylene plants use naphtha and naphtha prices have trebled over the past year.

"We have previously forecast that the Rafnes complex would not show a profit for a number of years," Mr Narud recalls. He now thought it would be making a profit within two to three years.

Soaring oil prices may not be an unmixed blessing for Hydro, Mr Narud warns. They could hit economic activity on the company's markets so hard that demand for its other products might be affected.

Norsk Hydro has invested some NKr 9bn over the past three years, and its total debt now stands at some NKr 12bn. The company aims to repay half of this over the next four to five years.

Court ruling on 1977 accounts pleases Pakhoed

BY OUR AMSTERDAM CORRESPONDENT

THE BUSINESS chamber of the Amsterdam District Court yesterday ruled that the 1977 accounts of the storage, transport and property concern, Pakhoed Holdings, were incorrect or incomplete in five respects. It ruled against requiring the company to present a new set of accounts, however.

In an initial reaction Pakhoed said the company was pleased that it had not been advised to draw up a new set of accounts.

Mr. Pieter Lakeman, chairman of the Foundation for the Investigation of Business Information (SOBI), which brought the case, said the foundation's aim of improving annual reports had been furthered considerably as a result of this court decision.

The court found that Pakhoed was wrong not to report the stock exchange value of its holding of around 15 per cent in the van Ommeren shipping group. SOBI claimed that this holding was valued Fl 22m too highly in the acounts. The court also said that Pakhoed had incorrectly withdrawn Fl 10.3m from its tax reserve, and credited this sum to its assets.

Pakhoed also gave insufficient information about its asset ratio, the court said. Pakhoed should also have reported separately the loss made by its 30 per cent stake in Maasvlakte Oil Terminal (MOT).

The court rejected, however, SOBI's claim that Pakhoed should include debts of Fl 77.97m incurred by MOT in its balance sheet. Possible future obligations incurred from guarantees given for bonds issued by MOT should be included in the accounts though, the court ruled.

Banker makes plea to shipowners

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A FUNDAMENTAL re-assessment of the financial structure of the worl's shipping industry was called for yesterday by a leading shipping banker.

Mr. Paul Slater, president of the Bermuda-based "shipping bank," Oceanic Financial Corporation said that changes in structure were essential if companies were to survive the industry's deep cycles.

Problems of riding the cycle had been accentuated by rapidly increasing capital costs of ships and had been particularly severe because of the length and depth of the current recession.

Ideally, Mr. Slater told a meeting of shipping interests in Cannes, a shipping company could have a balanced mixture of equity, long-term debt and medium to short term loans. In practice, most companies relied predominantly on seven to eight year debt periods provided directly by shipyards or from banks. Most had far too little equity and little or no long-term debt.

Mr. Slater argued that there was no shortage of funds from either commercial banks or institutional markets, but that shipowners needed to offer fuller financial reporting to potential financial investors.

Mr. Slater presented his privately researched estimates of the size of capital sums involved in replacing worn out ships. Between 1970 and 1978, $120bn had been spent on new ships outside the Eastern bloc fleets.

He estimated that $100bn of this was non-equity debt and that, because of depressed freight rates since 1974, much of this debt was still outstanding and had been met by using equity capital.

"The shipping industry today is considerably over-indebted and desperately short of equity capital. If the present level of freight rates continues, future requirements will be even harder to meet," he said.

In 1979, the industry would spend another $9.9bn on new ships and in the 1980s, the annual figure was unlikely to be less than $15bn.

The industry's biggest worry at present was from where it would find the $2bn to $3bn of equity needed each year to finance this investment.

JAPANESE STEEL-MAKERS

Sharp profit upturn despite lower sales

BY RICHARD C. HANSON IN TOKYO

JAPAN'S GIANT steel makers raised profits sharply in the year to March 31, as the benefit of earlier domestic price increases was realised and export prices recovered. Domestic demand for steel is continuing to increase, making the prospects for at least the first-half of this year good.

The performance of the steel companies reverses the trend of recent years. Dividends are being restored in part in most cases. Ironically, the recovery is being accomplished while the industry as a whole remains at less than 70 per cent of operating capacity. Sales at the three companies which reported healthy profits yesterday were lower than in the prior year.

Nippon Steel, the largest steel producer in the world, had its second highest net profit in history, up 185.3 per cent to Y45.22bn ($206m). Its operating profit rose over ten times to Y82.12bn, even though sales dropped 7.2 per cent to Y2.413bn ($11bn) the dividend was raised to Y4 per share from Y3 (still below the Y5 of past good years).

Crude steel production was up slightly to 31.09m tonnes from 31.65m, though pig iron output fell.

Export sales were down 1 per cent to Y726.55bn.

Nippon Steel was hurt to some extent by the appreciation of the yen, because the value of its exports exceeds the value of its imports.

The savings it was able to realise on costs were more than able to offset this and other negative factors such as higher raw material and tax outgoings. Cost reduction through energy saving, increased yield on raw steel production and lower per unit costs for electricity saved Y83bn.

The company is concerned that the latter half of this year will be affected by higher oil and other raw material prices, a lowering of the rate of increase in public works spending in this year's national Budget, and recent increases in interest

Kawasaki Steel raised its net profit by 156 per cent to Y17.43bn and operating profit by almost 1,700 per cent to Y40.164bn. Sales, however, dipped 4.9 per cent to Y960.9bn.

The company raised the per share dividend to Y4 from Y3 in the prior year.

Export sales (combined with services rendered overseas) were down 8.7 per cent to Y297.44bn, or 31 per cent of the total. Steel production for the year rose 1.3 per cent to 12.336m tonnes.

Shipments of steel at Kawasaki were up 3.6 per cent to 11.1m tonnes. The average price per ton during the year rose to $387 from $381 in the previous year.

Kawasaki said in a statement that the outlook for the half year through September is "even brighter." Strong book orders at present and economic factors indicate that operating profit will set a new record.

Nippon Kokan, the second largest steel producer—saddled, however—with a falling shipbuilding division, reported a 98.3 per cent rise in net profit to Y10.326bn, while its operating profit gained 238.2 per cent to Y19.88bn. Sales were down 3.8 per cent to Y1.202bn. It maintained its dividend at the reduced level of Y3 per share.

Wesfarmers in new move to gain control of CSBP

BY JAMES FORTH IN SYDNEY

WESTRALIAN FARMERS' Co-operative (Wesfarmers) yesterday moved to wrap up its 18th-month-long attempt to acquire Western Australia's only fertiliser manufacturer, CSBP and Farmers. Wesfarmers has made an A$20.8m take-over offer for Westralian Farmers Superphosphate (WFS), which owns one-third of CSBP. The other shareholders of CSBP are British Petroleum Company of Australia and Cumming Smith, which also own one-third each.

Wesfarmers has already obtained control of Cuming Smith and acquisition of WFS would therefore give it control of CSBP. If Wesfarmers succeeds, it will end one of the longest and most absorbing take-over battles in Australia's corporate history. The affair began in December, 1977, when Wesfarmers made an A$160m offer for CSBP. Cuming Smith and BP were to receive cash, but WFS, which is closely associated with Wesfarmers, would receive the equivalent of A$20m in Wesfarmers' shares. The offer, however, was rejected by Cuming Smith and BP.

Cuming Smith then received two takeover offers—from Industrial Equity Ltd. and Howard Smith—but these were thwarted by Wesfarmers, which stepped into the sharemarket and quickly snapped up 50 per cent of Cuming Smith. Wesfarmers subsequently applied to the Trade Practices Commission for authorisation to acquire control of CSBP, but was opposed by several parties, including the Farmers Union of WA and rival fertiliser distributors. Wesfarmers ultimately received approval, but its opponents appealed to the Trade Practices Tribunal.

Last month, the Tribunal also approved the CSBP acquisition, on the condition that a meeting of WFS shareholders was held to approve the sale of the company's stake in the fertiliser company. Approval was required from at least 75 per cent of WFS shareholders, and the Farmers Union had circularised shareholders urging them to reject the proposal, and seeking their proxies. Wesfarmers has therefore sought to circumvent this approach by simply bidding for WFS.

WFS would still be required to hold a meeting but it would be a formality if Wesfarmers already owned all the capital. The directors of Wesfarmers said that acceptance forms from WFS shareholders would act as a proxy form to be used by Westfarmers to complete its CSBP acquisition. The offer for WFS is 49 shares in Wesfarmers for every 30 shares in WFS. There is an alternative of one Wesfarmers to complete its for each WFS share. If Wesfarmers succeeds with the WFS bid it would clear the way for the co-operative to extend its promised bid for the remainder of Cuming Smith. That would give Wesfarmers control of CSBP, and only leave it to try to work out a purchase of BP's remaining one-third interest.

Hakodate Dock assets sold

TOKYO — Japan's Shipbuilding Industry Stabilisation Association is to buy idle facilities valued at Y15bn ($68m) from Hakodate Dock Company, as a relief measure for the slump-hit shipyard.

The Government-subsidised body was set up jointly by the Government and industry to purchase surplus shipbuilding facilities and related assets from shipbuilding companies badly hit by the prolonged recession in the industry.

The purchases from Hakodate will be the first by the Association.

Hakodate originally applied for the Association to buy surplus building docks, equipment, offices and land worth a total of Y18.8bn.

A purchase contract is expected to be signed next month and payment will be completed after the completion of asset registration transfer. Hakodate will use the proceeds to pay retirement allowances and to repay debts as well as for working capital.

The Government last December advised the industry to cut shipbuilding capacity by an average of 35 per cent by the end of March, 1980, to 9.8m compensated gross registered tons.

Reuter

45m ringgit issue for Malaysian group

BY WONG SULONG IN KUALA LUMPUR

MULTI-PURPOSE HOLDINGS, the rapidly expanding group, sponsored by leaders of the Malaysian Chinese Association, component party in the Malaysian Government, has announced a rights issue to raise 45m ringgit (U.S. $20m) to finance its expansion programme.

The three-for-two-rights issue will raise paid-up capital of the two-year-old group to 75m ringgit.

The group's current borrowings of 63m ringgit represents an unusually high gearing ratio which places a severe restraint on growth. Senator Lee Loy Seng, the chairman of MPH, said in a letter to shareholders.

MPH has investments totalling 93m ringgit in three subsidiaries. These are Magnum Corporation, the lottery organisation, Bandar Raya Developments, a housing developer, and the U.K.-based Plantation Holdings. The market value of its holdings in the three companies at the end of last year was 135m ringgit.

The rights issue is conditional upon a total subscription of 15m ringgit, failing which all moneys would be refunded. The directors are confident that the issue would be fully subscribed, and are not appointing any merchant bank or issuing house to underwrite the issue.

Plantation Holdings became a subsidiary of MPH last year, when the latter raised its stake to 64.4 per cent of PH's shares.

Last week, MPH disclosed plans to restructure Plantation Holdings into two companies—Malaysian Plantations, to cover its plantation interests, and Phicom, to look after its U.K manufacturing operations.

The companies would be quoted, respectively, on the Kuala Lumpur and London stock exchanges, once approval for the split was obtained.

For last year, the MPH group made a pre-tax profit of 17.8m ringgit, after paying 2.55m ringgit in interest charges.

Senator Lee said that the group could look forward to a promising year. Rubber prices were at a 20-year high, and Bandar Raya Development was expected to record much bigger profits with better demand for quality houses which the company is building.

Alcom in plant project

BY OUR KUALA LUMPUR CORRESPONDENT

ALCOM, the 34.5 per cent Malaysian associate company of Alcan of Canada, is proposing to instal a new plant, costing more than 60m ringgit (U.S.$27m) to increase aluminium sheet rolling capacity from 5,500 to 22,000 tonnes a year.

A final report of the project will be submitted to the directors for approval during the third quarter of 1979. The plant would take two years to complete.

Tunku Mohamed Bin Tunku Besar Burhanuddin, Alcom's chairman, told shareholders that because of the size of the proposed new plant, and its potential for further expansion, it would have to be located at a new site.

In April last year, Alcom negotiated a $10m loan with three Malaysian banks to finance a second extrusion press to increase extrusion capacity from 3,300 tonnes to 7,300 tonnes.

Union Carbide India

THE REPORT on April 10 on Union Carbide India's plans to expand in high technology areas contained errors. The company's sales for 1978 totalled Rs 1.11bn ($133m). The amount to be spent on extending the Bombay petrochemical plant is Rs 40m ($4.8m). The company plans to commission its pesticide plant based on MIC (methyl isocyanate) this year.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar weak

The dollar lost ground against other major currencies yesterday following the sharp widening of the U.S. trade deficit to $2.153bn in April, from $821.3m in March. News of a 3.3 per cent fall in U.S. leading economic indicators in April may have helped the dollar slightly in late trading, while the constant changes in European interest rates probably discouraged too much switching out of the U.S. currency.

The dollar touched a low point of DM1.9000 against the D-mark in the morning, but closed near its best level of the day at DM1.9090, compared with DM1.9160 previously. In terms of the Swiss franc, the dollar fell to SwFr 1.7160, before closing at SwFr 1.7240, compared with SwFr 1.7340 on Wednesday. It fell to Y219.25 against the yen, and closed at Y220.35, compared with Y220.20. The U.S. Federal Reserve may have intervened to help the dollar.

On Bank of England figures, the dollar's trade-weighted index fell to 86.7 from 86.9. Sterling's index, as calculated by the Bank of England, rose to 67.4 from 67.1, after standing at 67.3 at noon and 67.2 in the morning.

The pound opened at $2.0690-2.0700 and fell to $2.0630-2.0640 in early trading, before recovering to $2.0700 shortly after lunch. In the afternoon sterling touched a best level $2.0755-2.0765, but eased to $2.0690-2.0700 at the close, a rise of 1.15 cents on the day.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.9091 against the D-mark, compared with DM 1.9191 previously. Trading was thin, with the U.S. currency recovering from a morning low of DM 1.9050, to be fixed fairly close to early high level of DM 1.9100. The weakness of the dollar reflected disappointment at the U.S. trade figures for April, but the market was nervous ahead of the result of the Bundesbank council meeting in Duesseldorf, originally expected in the morning, but then postponed to the afternoon. Market speculation centred around a possible rise in the German interest rates to make the D-mark more attractive against the dollar, or a cut in the minimum reserve requirement, which would have the opposite effect.

MILAN — The dollar lost ground against the lira as a result of the wider U.S. trade deficit last April. It was fixed at L854.45, compared with L858.70 previously. Sterling improved to L1,766.70 from L1,763.40, and EMS currencies were also firm against the lira. The D-mark rose to L447.58 from L446.40.

NEW YORK — News of a drop in the U.S. leading economic indicators in April failed to give the dollar much of a boost in early trading. The U.S. currency still seemed to be suffering from the effects of the latest trade figures.

TOKYO — The dollar fell to Y219.65 from Y221.92½ against the yen in active trading. The U.S. currency opened at Y218.70, following the widening of the U.S. trade deficit, and touched a low point of Y218.30. Commercial demand for the dollar for trade settlement remained strong however, helping it to touch a best level of Y220.40. Selling pressure tended to build up again towards the close however.

THE POUND SPOT AND FORWARD

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0630-2.0765	2.0690-2.0700	0.28-0.18c pm	1.33	0.70-0.60 pm	1.26
Canada	2.3940-2.4035	2.4015-2.4025	0.20-0.10c pm	0.75	0.50-0.40 pm	0.75
Nethlnd.	4.20-4.35	4.32¼-4.33¼	1⅛-⅞c pm	3.12	3⅛-2⅞ pm	2.88
Belgium	63.20-63.65	63.40-63.50	20-10c pm	2.84	42-32 pm	2.33
Denmark	11.30-11.37½	11.34½-11.35½	2ore pm-par	1.06	3¾-1¼ pm	0.79
Ireland	1.0440-1.0520	1.0493-1.0503	10-20p dis	−1.71	62-72 dis	−2.55
W. Ger.	3.93-3.96	3.94½-3.95½	2⅞-1⅞pf pm	5.69	6⅞-5½ pf pm	6.70
Portugal	102.60-103.30	102.80-103.10	50-110c dis	−9.32	150-250 dis	−7.77
Spain	135.50-137.00	136.85-136.95	80-30c pm	4.82	80-30 pm	1.61
Italy	1,761-1,771	1,767¾-1,768¾	3½-5½lire dis	−3.22	6-8 dis	−1.58
Norway	10.69-10.76	10.70½-10.71½	2½-½ore pm	1.66	7¼-5¼ pm	2.52
France	9.11½-9.16	9.13½-9.14½	¾c pm-¼c dis	0.33	1½-½ pm	0.44
Sweden	9.03-9.09½	9.06½-9.07½	1¼ore pm-¼ dis	0.99	4½-2½ pm	1.54
Japan	450-460	455½-456½	2.75-2.50y pm	6.91	7.40-7.15 pm	6.34
Austria	29.00-29.18	29.05-29.10	10gro pm-par	2.06	40-30 pm	4.82
Switz.	3.55-3.59	3.56½-3.57½	3-2c pm	8.40	8⅞-7⅞ pm	9.38

Belgium rate is for convertible francs. Financial franc 65.40-65.50. Six-month forward dollar 1.10-1.00c pm; 12-month 2.10-2.00c pm.

THE DOLLAR SPOT AND FORWARD

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0630-2.0765	2.0690-2.0700	0.28-0.18c pm	1.33	0.70-0.60 pm	1.26
Ireland†	1.9725-1.9765	1.9725-1.9755	0.60-0.45c pm	3.19	1.95-1.80 pm	3.80
Canada†	86.00-86.20	86.02-86.05	0.06-0.03c pm	0.63	0.14-0.11 pm	0.58
Nethlnd.	2.0870-2.0920	2.0875-2.0895	0.38-0.28c pm	1.90	0.90-0.80 pm	1.63
Belgium	30.64-30.70	30.64-30.66	6-4½c pm	2.05	10-8 pm	1.17
Denmark	5.4800-5.4880	5.4845-5.4865	0.20orepm-0.30dis	−0.11	0.25-0.75dis	−0.36
W. Ger.	1.9050-1.9100	1.9070-1.9080	0.81-0.71pf pm	4.78	2.30-2.20 pm	4.72
Portugal	49.80-49.95	49.83-49.93	37-53c dis	−10.82	90-140 dis	−9.22
Spain	66.00-66.20	66.12-66.17	30-20c pm	4.53	10 pm-par	0.30
Italy	853.50-854.75	854.00-854.50	2-2.75lire dis	−3.34	5.50-6.50dis	−2.81
Norway	5.1800-5.1880	5.1825-5.1840	0.60-0.10ore pm	0.81	2.40-1.90 pm	1.66
France	4.4100-4.4250	4.4120-4.4145	0.30-0.45c dis	−1.02	1.00-1.20dis	−1.00
Sweden	4.3800-4.3850	4.3800-4.3815	0.30-0.10ore pm	0.55	0.70-0.50 pm	0.55
Japan	219.50-220.00	219.60-219.80	1.05-0.95y pm	5.46	2.85-2.75 pm	5.10
Austria	14.044-14.057	14.051-14.056	5.20-4.70gro pm	4.23	14.5-13 pm	3.91
Switz	1.7200-1.7275	1.7225-1.7235	1.21-1.16	8.25	3.70-3.65	8.53

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.614644	0.638051
U.S. $	9½	1.26506	1.31352
Canadian $	11¼	1.46899	1.52157
Austria Sch.	3¾	17.8911	18.5763
Belgian F	8	39.0271	40.5186
Danish K	8	—	7.22694
D mark	4	2.42778	2.52076
Guilder	7	2.65563	2.75759
French Fr.	9½	5.61875	5.83265
Lira	10½	1083.84	1126.01
Yen	4¼	281.476	290.969
Nrwgn. K	7	6.57641	6.82763
Spanish Pes.	8	83.7166	86.9085
Swedish Kr.	6½	5.56475	5.77617
Swiss Fr.	1	2.20120	2.28651

CURRENCY MOVEMENTS

May 31	Bank of England Index	Morgan Guaranty changes %
Sterling	67.4	−37.1
U.S. dollar	86.7	−7.1
Canadian dollar	81.7	−16.0
Austrian schilling	144.9	+18.3
Belgian franc	112.5	+12.8
Danish kroner	115.1	+2.5
Deutsche Mark	149.5	+41.6
Swiss franc	195.7	+80.7
Guilder	125.0	+19.0
French franc	98.2	−7.1
Lira	54.4	−49.0
Yen	132.1	+30.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

May 31	£	$		£ Note Rates
Argentina Peso	2606-2626	1259-1269	Austria	28¾-29½
Australia Dollar	1.8700-1.8750	0.9035-0.9060	Belgium	65.20-66.20
Brazil Cruzeiro	52.56-53.56	25.40-25.90	Denmark	11.30-11.40
Finland Markka	8.27-8.28	3.9960-4.0010	France	9.05-9.20
Greek Drachma	76.170-78.013	36.10-37.70	Germany	3.90-3.99
Hong Kong Dollar	10.53-10.54½	5.0880-5.0955	Italy	1,735-1,775
Iran Rial	149-155	72-75	Japan	450-460
Kuwait Dinar (KD)	0.570-0.580	0.2791-0.2792	Netherlands	4.27-4.37
Luxembourg Frc.	63.40-63.50	30.63-30.65	Norway	10.70-10.80
Malaysia Dollar	4.58½-4.55½	2.2155-2.2060	Portugal	99-103
New Zealand Dlr.	1.9816-1.9875	0.9575-0.9605	Spain	135-138
Saudi Arab. Riyal	6.97-6.07	3.4000-3.4008	Switzerland	3.50-3.60
Singapore Dollar	4.5915-4.6015	2.2185-2.2235	United States	2.07-2.09
Sth. African Rand	1.74-1.76	0.8410-0.8455	Yugoslavia	41-43

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4905	+2.62	+1.82	±1.53
Danish Krone	7.08592	7.23776	+2.14	+1.34	±1.635
German D-Mark	2.51064	2.51916	+0.34	−0.46	±1.1325
French Franc	5.79831	5.83243	+0.59	−0.21	±1.35
Dutch Guilder	2.72077	2.75985	+1.44	+0.64	±1.5075
Irish Punt	0.662638	0.668468	+0.88	+0.08	±1.665
Italian Lira	1148.15	1127.56	−1.79	−1.79	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 31	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.070	3.953	456.0	9.140	3.570	4.328	1768.	2.402	63.45
U.S. Dollar	0.483	1.	1.910	220.3	4.417	1.725	2.091	854.4	1.161	30.66
Deutschemark	0.253	0.524	1.	115.4	2.312	0.903	1.095	447.4	0.608	16.05
Japanese Yen 1,000	2.193	4.538	8.668	1000.	20.04	7.829	9.490	3878.	5.268	139.1
French Franc 10	1.094	2.264	4.324	498.9	10.	3.906	4.735	1935	2.628	69.42
Swiss Franc	0.280	0.580	1.107	127.7	2.560	1.	1.212	495.3	0.673	17.77
Dutch Guilder	0.231	0.478	0.913	105.4	2.112	0.825	1.	408.6	0.555	14.66
Italian Lira 1,000	0.566	1.170	2.235	257.9	5.169	2.019	2.447	1000.	1.358	35.88
Canadian Dollar	0.416	0.862	1.646	189.8	3.805	1.486	1.802	736.2	1.	26.42
Belgian Franc 100	1.576	3.262	6.229	718.7	14.41	5.626	6.820	2787.	3.786	100.

EURO-CURRENCY INTEREST RATES

May 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11½-11⅝	10-10¼	9½-10½	7¼-7½	⅝-¾	n.a.	9½-10	10-11	—	⅝-5⅛
7 days' notice	11⅝-¾	10⅛-10⅜	9½-10½	8¼-8½	1-1⅛	n.a.	9½-10	14-15	10¼-10⅜	3-3½
Month	11¾-11⅞	10¼-10½	10¾-11⅛	8⅛-8½	1¾-1⅞	5⅝-5¾	11⅛-11¾	12-13	10⅛-10⅜	4⅝-5⅜
Three months	11¾-11⅞	10⅜-10⅝	10¾-11⅛	8⅞-9⅛	1⅞-2⅛	6⅛-6¼	11⅛-11½	12½-13½	10⅜-10⅝	5¼-5⅝
Six months	11⅝-11⅝	10⅝-10⅞	10¾-11⅛	9¼-9½	2⅜-2⅞	6¼-6⅞	11½-11⅞	13-14	10⅜-10⅝	5⅛-6
One year	11⅝-11⅞	10⅝-10⅞	10⅝-11	9¼-9½	3⅛-3¼	7⅛-7⅜	11½-12	13½-14¼	10⅝-10⅞	6⅛-6⅝

Long-term Eurodollar deposits: two years 10⅜-10⅝ per cent; three years 10-10⅜ per cent; four years 9⅞-10⅛ per cent; five years 9⅞-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.35-10.45 per cent; six months 10.40-10.50 per cent; one year 10.25-10.35 per cent.

INTERNATIONAL MONEY MARKET

European rates remain firm

Interest rates continued their upward spiral in Europe yesterday and the West German Bundesbank announced an increase in its lombard rate to 5½ per cent from 5 per cent. Increasing concern over the relative performance of some weaker currencies within the EMS against the improving Deutsche Mark prompted further upward movements. The official Dutch call money rate was increased to 7½ per cent from 6½ per cent after Wednesday's rise in the discount rate to 7 per cent from 6½ per cent, and the latter rise was seen as a direct result of the Belgian authorities' decision to raise their bank rate on Wednesday. This in turn put pressure on Dutch interest rates to come into line, and appears to have had something of a snowball effect.

Interbank rates in Amsterdam were correspondingly firmer, with call money at 7½-7¾ per cent against 7-7½ per cent and one-month money at 8½-8¾ per cent from 8¼-8½ per cent. The three-month rate was quoted at 8¾-9 per cent, up from 8½-8¾ per cent with six-month money at 9¼-9½ per cent against 9-9¼ per cent.

French interest rates were generally firmer and call money rose to an 11-month high at 8 per cent compared with 7¾ per cent on Wednesday. The Bank of France again increased its Treasury bill discounting rates, for the third successive day. The one-month rate rose to 8¼ per cent from 8 per cent, the three-month rate to 8½ per cent from 8¼ per cent while the six-month rate was left at 8¾ per cent. In the interbank market one-month money rose to 8⅛-8¼ per cent from 8⅛-8¼ per cent and three-month money was firmer at 8⅜-8⅝ per cent compared with 8¼-8½ per cent previously. The six-month rate rose to 9-9¼ per cent from 8¾-9 per cent with 12-month money at 9⅜-9⅝ per cent against 9¼-9½ per cent.

FRANKFURT — Interbank rates were firmer at the longer end, but showed no clear trend in the short dates. Call money was quoted at 5.05-5.15 per cent compared with 5.10-5.15 per cent on Wednesday, and one-month money stood at 5.75-5.80 per cent against 5.75-5.85 per cent. The three-month rate was firmer at 6.20-6.25 per cent from 6.10-6.20 per cent as was the six-month rate at 6.75-6.80 per cent against 6.50-6.60 per cent. Twelve-month money rose to 7.15-7.25 per cent from 7.10-7.20 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change after Wednesday's rise in the bank rate to 8 per cent. One-month deposits remained at 8¼-8⅝ per cent while three-month deposits rose to 9½-9⅞ per cent from 9-9½ per cent. The six- and 12-month rates were both unchanged at 9⅜-9⅝ per cent.

HONG KONG—Conditions in the money market were generally quiet, with call money at 12½ per cent and overnight business dealt at 12 per cent.

GOLD

Record close

Gold rose $5 to a record closing level of $275¼-276 in very active trading. It opened at $277-277¼, and touched an all-time high point of $278¾-279¼ before the morning fixing. The metal declined in the afternoon on profit taking but finished firm.

In Paris the 12½ kilo gold bar was fixed at FFr 40,800 per kilo ($287.17 per ounce) in the afternoon, compared with FFr 42,000 ($295.55) in the morning, and FFr 41,490 ($290.55) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 16,015 per kilo ($267.22 per ounce), compared with DM 16,800 ($272.29) previously.

	May 31	May 30
Gold Bullion (fine ounce)		
Close	$275¼-276 (£133-133.3)	$270¼-271 (£131.3-131.7)
Opening	$277-277¼ (£134-134.5)	$271-271¼ (£151.7-132.1)
Morning fixing	$277.15 (£134.129)	$272.60 (£132.394)
Afternoon fixing	$274.60 (£132.369)	$270.25 (£131.215)
Gold Coins, domestically		
Krugerrand	$293-297 (£141½-143⅝)	$286-290 (£139-141)
New Sovereigns	$74-76 (£35½-36½)	$74-76 (£36-37)
Old Sovereigns	$86-88 (£41½-42½)	$84½-86½ (£41-42)
Gold Coins, internationally		
Krugerrand	$283-285 (£136¾-137¾)	$277-279 (£134½-135½)
New Sovereigns	$71-73 (£34¼-35¼)	$69½-71½ (£33¾-34¾)
Old Sovereigns	$92-94 (£44½-45½)	$91-93 (£44¼-45¼)
$20 Eagles	$440-445	$435-440
$10 Eagles	$229-234	$233-238
$5 Eagles	$159-164	$162-167

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave a small amount of assistance. This comprised small purchases of Treasury bills and a small amount of corporation bills, all direct from the discount houses. The latter were paying 11¾ per cent for secured call loans at the start with closing balances taken down to 10¾ per cent.

The market was faced with a moderate net take up of Treasury bills to finance and the unwinding of a previous sale and repurchase agreement of a moderate amount of eligible bank bills. Funds were also drained by end of month oil payments. On the other hand banks brought forward balances some way above target and there was a moderate excess of Government disbursements over revenue transfers to the Exchequer as well as a small decrease in the note circulation.

In the interbank market overnight loans opened at 11¼-11⅝ per cent and traded at 11½-11¾ per cent for most of the morning before drifting easier through the afternoon to finish at around 3 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 31 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-11¾	—	—	—	11⅞	10¾-11¾	—	—	—
2 days notice	—	—	11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-11¾	11¾-11⅞	—	12⅛	12	11½-11⅝	—	—	—
One month	11⅞-11¾	11⅝-11⅞	11¾-11⅞	12⅜-12⅛	12⅛	12⅛-12¼	11⅝	11⅝-11½	11⅞	12⅜
Two months	11⅞-11¾	11⅝-11⅞	—	12-11⅝	12⅛	—	11⅝	11⅝	11⅝-11⅞	12⅛
Three months	11¾-11⅝	11¾-11⅞	11⅞	11⅝	12⅛	12⅛-12¼	11⅝	11⅛-11⅝	11⅝	11⅞
Six months	11⅝-11⅝	11⅝-11⅝	11⅛-11⅝	11½-11⅛	12	—	—	—	11⅝-11⅝	11⅞
Nine months	11¼-11⅝	11½-11⅝	—	11⅝-11⅝	12	—	—	—	—	—
One year	11⅛-11¼	11⅝-11½	11⅛-11⅝	11⅝-11⅝	12	—	—	—	—	—
Two years	—	—	11⅞-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12-12¼ per cent; four years 12⅜-12⅝ per cent; five years 12¾-12⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞-11⅝ per cent; four-month trade bills 11⅞ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-month 11⅝-11⅜ per cent; three-month 11⅝-11⅜ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅝ per cent; two-month 11⅞-11⅝ per cent; and three-month 11⅞-11⅝ per cent; one-month trade bills 12⅛ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4528 per cent.

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Overnight Rate	5.10
One month	5.775
Three months	6.125
Six months	6.775

FRANCE

Discount Rate	9.5
Overnight Rate	8.0
One month	8.4375
Three months	8.6875
Six months	9.0625

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Call (Unconditional)	6.25
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AGAINST A background of further depressing international and economic news, Wall Street after Wednesday's sharp setback on the large April trade deficit, lost more ground early yesterday, but subsequently made a partial recovery around mid-session.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Average, after falling 10.39 to 822.16 the previous day, shed 3.21 more at 11.00 am before rallying to 820.34 at 1 pm, only a net 1.82 below the overnight level. The NYSE All Common Index was 13 cents lower at $55.88, after touching $55.80 at 11.00 am. Trading was quite active, with 20.69m shares changing hands, compared with Wednesday's 1 pm figure of 19.50m.

The Commerce Department reported that its index of leading economic indicators posted a record monthly fall of 3.3 per cent in April after a revised gain of 0.3 per cent in March.

The Department also said that new orders for manufactured goods were down 6.1 per cent in April to a seasonally adjusted $141.09bn after a gain of 3.7 per cent in March.

In addition, Iran plans an oil price increase and Saudi Arabia has reportedly already raised its price.

Caesar's World, however, picked up 2¼ to $74¼. The company said it has received a temporary permit to operate a casino in Atlantic City's Boardwalk Regency Hotel, subject to resolving a lease problem.

CSE rose 2¼ to $23¼. The company said it has recently received a "verbal indication" of merger interest from Berkshire Hathaway, which is owned by financier Warren Buffett.

McDonnell Douglas rallied ¾ to $24¾. A news agency report stated that any financial impact of the accident near O'Hare airport, which killed 274 people, is not likely to be severe or permanent for McDonnell Douglas.

THE AMERICAN SE Market Value Index, after losing 0.92 at 11.00 am, was just 0.08 easier on balance at 185.57 at 1 pm after volume of 2.00m shares (2.31m).

Dome Petroleum, the leading Amex active, rose $1¼ to $35¼. The second most active issue, **Resorts International "A,"** declined $1 to $44¾, however.

Canada

Shares again showed a tendency to relinquish some ground in active early trading yesterday, following recent strength.

The Toronto Composite Index declined 3.7 to 1511.9 at noon, while Metals and Minerals receded 8.4 to 1,254.4. Banks 0.78 to 300.25, Papers 0.45 to 161.41 and Utilities 0.43 to 232.14. Golds, however, moved up 18.5 to 1,834.8 on index, while Oils and Gas put on 4.5 to 2,420.7.

Brascan "A" gained ¼ to C$23¾ on 76,060 shares. Edper Equities said it will make a cash offer for up to 5m Brascan shares at C$28 each on the Toronto, Montreal and Vancouver Exchanges on June 14.

Among Oils, **Numac Oil** rose ½ to C$32½ and **Shell Canada** ¼ to C$20¾.

Cominco fell 1⅞ to C$37¼, **Seagram** ¾ to C$36¾ and **Amalgamated Bonanza** C$1 to C$19½.

Tokyo

After starting on a firmer note, shares retreated over a broad front in active dealings with selling particularly heavy in large-capital issues and populars.

Dealers attributed the sharp fall to a market rumour that the Stock Exchange may tighten trading curbs, although the Exchange denied the rumour.

The Nikkei-Dow Jones Average weakened 54.86 to 6,252.59 and the Tokyo SE index 3.55 to 449.40, while volume reached 500m shares (400m).

Recently-selected Steels, Heavy Electricals and Shipbuildings fell, with **Mitsui Engineering and Shipbuilding** losing Y7 to Y172, **Toshiba** Y6 to Y142 and **Hitachi** Y4 to Y249.

Nippon Steel declined Y5 to Y129 despite a sharp rise in profits, while **Nippon Kokan**, also following results, were Y6 cheaper at Y112.

Among export-orientated Light Electricals, Motors and Cameras, **Sony** dipped Y70 to Y1,990, **TDK Electronic** Y60 to Y1,720, **Toyota Motor** Y19 to Y893, **Honda Motors** Y13 to Y517 and **Canon** Y12 to Y320.

A strong exception to the general downtrend, however, was **C. Itoh**, which advanced Y11 more to Y410 for a two-day rise of Y25.

Germany

Bourse prices generally suffered a fresh setback in light trading, bringing the Commerzbank index down a further 2.5 to 747.1.

Market mood was further dampened by news that prices of Libyan crude oil were being raised, a development which some market sources considered particularly negative for both Chemicals and Motors.

Large Chemicals came under selling pressure in spite of good first-quarter earnings being reported by **BASF** and **Hoechst**. BASF declined DM1.50 and Hoechst DM1.20.

Among Motors, **Volkswagen** receded DM1.20 and **BMW** DM4.00.

Elsewhere, **Klockner** shed DM2, **Babcock** DM3.50 and **Degussa** DM1.90, but **Hapag Lloyd** improved DM1.90.

Mannesmann softened DM1 despite reporting higher 1978 profits and positive first four months' developments.

On the Domestic Bond market, Public Authority issues showed gains of up to 20 pfennigs and losses of up to 45 pfennigs, with the Bundesbank selling a nominal DM18.3m of paper after sales of DM1.6m on Wednesday. Mark Foreign Loans were firmer.

Paris

The recent easier trend developed into a widespread sharp decline yesterday, with the Bourse Industrials index losing 1.2 to 77.3.

Brokers said investors were depressed by news that the U.S. has decided to offer a subsidy of $5 a barrel on imported fuel oil.

"It isn't the size of the subsidy that matters so much, although it will mean that European consumers will be forced to pay that much more for their oil. It's the U.S. decision to act entirely in its own interests without consulting its European partners that knocked the breath out of the market," one Bourse operator commented.

The tone was weaker overall, except for Oils, which were mainly steady.

Thomson Brandt lost FFr 5 to FFr 207, **Peugeot-Citroen** FFr 14 to FFr 305 and **Francaise du Ferodo** FFr 21 to FFr 345. All three companies had announced higher 1978 consolidated net profits.

Jacques Borel declined FFr 4.20 to FFr 111.80 in spite of increased first-quarter turnover.

Also closing substantially lower were **Eurafrance, BIC, Beghin, Michelin, Club Mediterranee, Hachette, Printemps, Carrefour, Darty, Creusot-Loire, Primagaz, Roussel-Uclaf, Generale des Eaux, Imetal** and **Penarroya**.

Australia

Stocks were inclined to react on profit-taking after the market's recent good performance.

BHP relinquished 8 cents to A$9.40, while **CSR**, after rising afresh to a new 1979 high of A$4.15 on sharply higher annual profits, retreated to A$3.90 for a loss of 6 cents on the day.

Among Minings, **MIM** receded 12 cents to A$3.18, **Western Mining** 5 cents to A$2.42, **North Broken Holdings** 4 cents to A$1.70 and **Jimberlana Minerals** 5 cents to A$1.50.

The Coals sector, strong of late, had **Coal and Allied**, A$6.00, and **Howard Smith**, A$5.10, down 10 cents apiece.

However, Gold stocks were slightly firmer, with **Central Norseman** hardening 50 cents to A$27.50.

Among narrowly mixed Banks, **ANZ** put on 3 cents to A$4.60, while **Bank of Adelaide**, which has received a bid from ANZ, improved 3 cents to A$1.25 in sympathy.

Hong Kong

After Wednesday's holiday closure, the market lost ground in the early stages yesterday but renewed buying interest during the afternoon left stocks closing with mixed movements on balance.

Among the leaders, **Jardine Matheson** lost 10 cents to HK$11.90, **Hutchison Whampoa** 5 cents to HK$4.575 and **Wheelock "A"** 2.5 cents to HK$3.50, but **Swire Pacific "A"** gained 5 cents to HK$8.30.

Elsewhere, **Cheung Kong** shed 10 cents to HK$10.50, but **China Provident** rose 70 cents to HK$24.10 and **Green Island Cement** 75 cents to HK$31.75.

Johannesburg

Market was closed yesterday for the Republic Day holiday.

Amsterdam

Generally lower levels prevailed yesterday, with sentiment unsettled by indications of higher Dutch interest rates.

The Nederlandsche Bank boosted the official discount rate by a half-point to 7 per cent on Wednesday, while inter-bank rates were all up about a quarter of a point yesterday and trading on the money market was described as "nervous."

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free.

Indices

NEW YORK —DOW JONES

	May 30	May 29	May 25	May 24	May 23	May 22	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	822.16	832.55	836.28	837.58	837.40	845.37	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	—	84.89	84.11	85.94	85.87	85.85	85.98 (2/2)	82.92 (8/5)	—	—
Transport..	232.62	234.27	234.71	233.44	233.44	233.40	236.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	101.79	101.59	101.45	100.85	100.20	100.41	104.94 (8/4)	86.51 (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	29,420	27,160	25,740	25,740	30,580	30,340	—	—	—	—

◆ Day's high 832.47 low 820.17

	May 25	May 18	May 11	Year ago (approx)
Ind. div. yield %	6.01	5.96	6.03	5.69

STANDARD AND POORS

	May 30	May 29	May 25	May 24	May 23	May 22	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
Indust'ls ...	110.23	111.35	111.57	111.27	111.21	112.04	116.63 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	99.11	100.05	100.22	99.93	99.86	100.51	103.34 (10/4)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	May 23	May 16	May 9	Year ago (approx)
Ind. div. yield %	5.32	5.38	5.31	4.85
Ind. P/E Ratio	8.46	7.96	8.44	9.83
Lon. Gov. Bond Yield	9.05	9.18	9.24	8.42

BASE LENDING RATES

A.B.N. Bank ... 12 %	■ Hill Samuel ... §12 %
Allied Irish Banks Ltd. 12 %	C. Hoare & Co. ... †12 %
Amro Bank ... 12 %	Julian S. Hodge ... 13 %
American Express Bk. 12 %	Hongkong & Shanghai 12 %
A P Bank Ltd. ... 12 %	Industrial Bk. of Scot. 12 %
Henry Ansbacher ... 12 %	Keyser Ullmann ... 12 %
Associates Cap. Corp. 13 %	Knowsley & Co. Ltd.... 13½ %
Banco de Bilbao ... 12 %	Lloyds Bank ... 12 %
Bank of Credit & Cmce. 12 %	London Mercantile ... 12 %
Bank of Cyprus ... 12 %	Edward Manson & Co. 13 %
Bank of N.S.W. ... 12 %	Midland Bank ... 12 %
Banque Belge Ltd. ... 12 %	■ Samuel Montagu ... 12 %
Banque du Rhone et de la Tamise S.A. ... 12½ %	■ Morgan Grenfell ... 12 %
Barclays Bank ... 12 %	National Westminster 12 %
Bremar Holdings Ltd. 13 %	Norwich General Trust 12 %
Brit. Bank of Mid. East 12 %	P. S. Refson & Co. ... 12 %
■ Brown Shipley ... 12 %	Rossminster ... 12 %
Canada Perm't Trust... 12 %	Ryl. Bk. Canada (Ldn.) 12 %
Cayzer Ltd. ... 12 %	Schlesinger Limited ... 12 %
Cedar Holdings ... 12 %	E. S. Schwab ... 13 %
■ Charterhouse Japhet ... 12 %	Security Trust Co. Ltd. 13 %
Choulartons ... 12 %	Shenley Trust ... 14 %
C. E. Coates ... 12 %	Standard Chartered ... 12 %
Consolidated Credits... 12 %	Trade Dev. Bank ... 12 %
Co-operative Bank ... *12 %	Trustee Savings Bank 12 %
Corinthian Secs. ... 12 %	Twentieth Century Bk. 13 %
Credit Lyonnais ... 12 %	United Bank of Kuwait 12 %
The Cyprus Popular Bk. 12 %	Whiteaway Laidlaw ... 12½ %
Duncan Lawrie ... 12 %	Williams & Glyn's ... 12 %
Eagil Trust ... 12 %	Yorkshire Bank ... 12 %
English Transcont. ... 12 %	
First Nat. Fin. Corp. ... 14 %	
First Nat. Secs. Ltd. ... 14 %	
■ Antony Gibbs ... 12 %	
Greyhound Guaranty... 12 %	
Grindlays Bank ... ‡12 %	
■ Guinness Mahon ... 12 %	
■ Hambros Bank ... 12 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%, 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.350	—	—	—	—	1	10	F.345
ABN	C	F.364.20	2	1.20	—	—	—	—	"
AKZ	C	F.27.50	13	1.70	—	—	—	—	F.28.30
AKZ	C	F.30	32	0.60	9	1.60	55	2	"
AKZ	C	F.32.50	—	—	25	0.60	15	1	"
AKZ	P	F.30	14	2	—	—	11	1.80	"
AKZ	P	F.32.50	10	4.40	—	—	—	—	"
ARB	C	F.70	10	1	—	—	—	—	F.69.20
ARB	C	F.75	—	—	1	1.40	—	—	"
EK	C	$60	5	1	—	—	—	—	$57¼
HO	C	F.30	—	—	5	3.50	—	—	F.30.80
HO	C	F.32.50	—	—	19	1.60	—	—	"
HO	C	F.35	—	—	10	0.80	—	—	"
IBM	C	$300	2	12½	—	—	—	18¼	$302⅞
IBM	C	$320	19	4⅛	40	12½	50	18¼	"
KLM	C	F.100	51	4.90	28	7	3	9.60	F.102.50
KLM	C	F.110	33	1.60	17	3.30	5	5.50	"
KLM	C	F.120	40	0.40	37	1.60	5	3.20	"
KLM	P	F.100	299	2.30	119	5.10	—	—	"
KLM	P	F.110	12	8	13	9.30	1	9	"
KLM	P	F.120	15	17.40	—	—	1	18	"
PET	C	Fr.4400	—	—	12	300	—	—	Fr.4620
PET	C	Fr.4600	6	120	5	200	6	270	"
PHI	C	F.22.50	72	1.80	53	2.20	—	—	F.23.60
PHI	C	F.25	503	0.40	605	1	15	1.50	"
PHI	C	F.27.50	—	—	5	0.50	—	—	"
PHI	P	F.25	30	1.40	10	1.30	20	1.50	"
PHI	P	F.27.50	20	3.70	—	—	2	3.60	"
RD	C	F.130	2	10.70	—	—	—	—	F139.70
RD	C	F.135	—	—	20	8.10	—	—	"
RD	C	F.140	25	2.50	11	4.50	—	—	"
RD	C	F.145	10	1.10	—	—	—	—	"
RD	P	F.135	10	1.20	—	—	—	—	"
RD	P	F.140	—	—	16	4	—	—	"
RD	P	F.145	10	5.80	—	—	—	—	"
UNI	C	F.125	25	1.20	—	—	—	—	F.122.20
UNI	C	F.130	5	0.30	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2521

C=Call P=Put

World beef shortage warning

By a Correspondent

THERE WILL be a worldwide shortage of beef within five years unless a decline in beef herds is halted, a leading British livestock specialist warned in Edinburgh yesterday.

"World beef production goes in cycles and we are now getting steeply down into the trough," said Sir Emrys Jones, chairman of the National Cattle Breeders' Association.

"In five years' time supplies of beef will be in a dangerous position unless we do something now."

Sir Emrys urged the Government and the European Commission to stop worrying about the creation of beef mountains as they were no longer a threat. Instead, the politicians should begin to encourage beef production.

"The world beef breeding herd is declining and that is what is worrying me," he said.

"If the figures coming through are correct then we are running into a world beef shortage," he said. "I only hope the Government will take this message on board."

Nickel vote on Sunday

By Our Commodities Editor

INTERNATIONAL Nickel workers at the group's Sudbury mines will vote on Sunday whether or not to accept the new tentative settlement of the nine-month-old strike recommended by the union bargaining committee.

Meanwhile Inco said yesterday its sterling price for plating nickel, effective June 1, will jump by nearly £400 to £3,117.62 a tonne. This reflects the rise in world price on May 24 to $2.90 a lb and a changed dollar/sterling parity rate resulting from the rise in the value of the dollar.

On the London Metal Exchange yesterday nickel prices rallied, after the sharp fall earlier this week, by £37.5 to £3,475 a tonne. Standard grade cash tin also rose, gaining £165 to £7,650 a tonne as a result of a renewed squeeze on supplies immediately available to the market.

In contrast copper prices continued to lose ground with cash wirebars closing £5 down at £865 a tonne. The decline depressed aluminium, lead and zinc markets too.

Brazil frost fear boosts coffee

BY JOHN EDWARDS, COMMODITIES EDITOR

BRAZILIAN FROST fears brought a sharp rise in coffee prices on the London and New York markets yesterday.

On the London robusta futures market the July position jumped to £1,560 at one stage before closing at £1,540.5 a tonne, still £36 up on the day.

New York futures rose by 4 cents a lb in earlier trading, also boosted by rumours of port congestion delaying Columbian shipments.

Although the main danger to the Parana coffee crop in Brazil normally occurs in July, trade sources are apparently taking quite seriously reports of some damage already hitting coffee trees in north Parana, mainly from cold winds "burning" the leaves.

They are anxiously waiting to see whether forecasts of another cold front moving into the coffee growing area will cause more serious damage.

There is considerable scepticism in the market about frost damage being exaggerated. It was pointed out that so far the coldest temperatures were centred in areas containing a small proportion of Parana's coffee trees.

Nevertheless, it is considered significant that the Brazilian Coffee Institute (IBC) has suspended sales registrations until the situation becomes clearer. Although the fost would not affect the current crop just being harvested, it could hit next year's production and bring higher prices, depending on the extent of the damage.

Meanwhile the frost fears gave a much-needed boost to the current auctioning of IBC surplus coffee stocks via the Sao Paulo Exchange.

Out of the 10,500 bags (of 60 kilos each) sold, 8,500 bags were Parana coffee. Until now the IBC sales have been somewhat of a flop since exporters apparently are quite content to let the institute bear the cost of carrying stocks, which they know are available should demand pick up.

But some buyers have now been tempted to make speculative purchases in case the front brings much higher prices.

The decline in London market prices from the higher levels yesterday was attributed to selling by producer sources, who are believed to hold large "long" positions as a result of recent support buying operations. It would make sense for them to take some profits at this stage in case the frost fears prove temporary.

Change in tin price range 'long overdue'

BY WONG SULONG IN KUALA LUMPUR

MR RAHIM AKI, president of the Malaysian Chamber of Mines, said yesterday a revision of the International Tin agreement price range was "long overdue," and suggested the range be based on the average market price over a prescribed period.

Addressing the chamber's annual meeting here, he said buffer stock operations had been inoperative since January 1977 and since that date, tin prices have been within the price range only on nine separate occasions despite two upward revisions.

This clearly showed the resources of the buffer stock were not adequate and the price range itself was unrealistic.

Mr Rahim, who is chief executive of Malaysian Mining Corporation, the world's biggest tin mining group, said the sixth International Tin Agreement, planned for introduction in July 1981, should be designed to tackle these two major issues.

He acknowledged the price range was a delicate and difficult issue to resolve, and suggested further refinement to the fixing of the price by the International Tin Council.

The formula he had in mind was a range based on the average market prices over a prescribed period, with the ceiling and floor prices established around this reference price.

Wheat crop hit by bad weather

By Our Commodities Staff

BAD WEATHER is expected to cut world wheat output this year by between 5 and 10 per cent on last year's record 441.4m tonnes, according to tentative forecasts from the International Wheat Council.

Wheat consumption is estimated at 420m tonnes and could exceed production in the new season.

For the EEC the council predicts a "substantial" reduction below the 1978 record crop of 47.1m tonnes, caused by poor planting conditions last autumn and spring, exceptionally heavy losses of young plants during the winter, and poor growing conditions so far this year.

There is also evidence of above-average winter losses in the USSR. And although unusually low spring temperatures in North America held up planting earlier this year, there is still a good prospect of a significant increase in U.S. wheat output, based mainly on winter-sown crops which are reported in good condition.

Grain board plan attacked

WASHINGTON — Mr. Bob Bergland, U.S. Agriculture Secretary said he does not think proposals by members of congress for a national grain board to market U.S. grain overseas "will get off the ground."

The Secretary told reporters there was no reason to believe that a grain export board would work better than the present system of private industry negotiating contracts for U.S. grain in overseas markets.

He said there was no way the U.S., on its own, could raise prices of grain on world markets.

"Most U.S. wheat goes to markets where it competes with rice, and if the wheat is overpriced, consumers simply switch to rice," Mr. Bergland said.

● Mr. Berdland also added he will remain secretary at least until January, 1981, when President Carter's term expires.

He also added he had no interest in seeking election to any political office.

Reuter

UK FARMING

Pig industry undermined

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

NEWS OF the closure of two large bacon factories recently—Lawsons of Dyce and FMC's Harris of Calne—has been seized upon as one more example of the damaging effects of the system of monetary compensatory payments on British pig farming.

There is a large measure of truth in this. The MCA system acts through subsidies paid to the exporting country, and until very recently these payments were of substantial proportions.

For instance, in November the MCA payments on Danish bacon sides exported to Britain amounted to £230 a tonne. Because of the Green Pound devaluation last April and the strengthening of sterling, the payment last week had dropped to £114.

At the same time the payment on Dutch bacon has practically halved from £295 a tonne down to £159 and that on Dutch canned hams from £522 to £280 a tonne.

Comparable

The MCA system was brought in to equalise prices between member countries of the EEC so that the basic intervention prices would be comparable in terms of units of account despite differing exchange rates. There is no intervention buying support for pigmeat, only aids to private storage, so the MCA calculation is based on a notional intervention price.

While recognising that there is a case to be made for some sort of MCA system to equalise out currency differences, and also those of the main grain feeding stuffs, the processing and farming interests feel there should be a different way of calculating pig meat MCAs.

This, they say, should be based on the cereal content of the feed, not on the notional pigmeat intervention price. Such a formula is already used for calculating MCAs on poultry products.

Should this method of calculation be used the result, according to the National Farmers Union would be a reduction in the Danish MCA from £114 to £80 a tonne and for Dutch bacon from £159 to £119. The NFU would also like to see a further 5 per cent devaluation of the Green Pound applied to pigmeat.

There is certainly a precedent for this. The French Government, as a result of heavy pressure from farming interests, managed to secure a special Green Franc devaluation which put French pigmeat producers on a level, price-wise, with the Dutch and Belgians who had been invading their market.

This farmer pressure took the form of active interference with the importation of both live pigs and carcases. To avoid physical confrontation, which was threatened between farmers of member countries, the new Green Franc devaluation was instituted smartly.

The main impact of the pigmeat MCAs in Britain has up till now been felt by the bacon and pigmeat processing industries. The British share of this market has been falling slightly as had the whole bacon market until very recently. The British share of the bacon market is about 42 per cent of available supplies, the balance being taken by Denmark and Holland.

But the MCA system has not enabled the Danes to undercut British supplies. Danish bacon is still priced above British on the London Provision Exchange and this underlines the marketing efficiency of the Danish industry. Despite considerable efforts British bacon seems to run in second place to Danish in consumer awareness. This would probably be the case even if no MCAs existed.

Denmark, has of course, been supplying the British bacon market for the best part of a century and its whole pig industry has been directed to this end. Only first-grade quality bacon is shipped to Britain and the Danish fresh pork market is subservient to bacon in that farmers get no advantage selling to it in preference to bacon. Returns on the Danish home market are manipulated to make bacon competitive abroad.

Dependent

The Danes, whose economy is significantly dependent on pigmeat experts, are extremely senmeat exports are extremely sen- MCA's should be altered in Britain's favour. Various Danish ministers have opposed it, and it is generally believed that had Mr. Finn Gundelach, the Agricuture Commissioner, not been a Dane, something would have been done about the methods of calculation before now.

The threat from Holland is rather different. The Dutch pig industry has expanded by 36 per cent since Britain joined the Community while the British has declined by 16 per cent. Exports of bacon to Britain have increased from about 10,000 tonnes a year in 1974 to 50,000 tonnes this year. This has been mainly at the expense of shipments from Poland which used to be a large supplier, and Denmark.

Dutch imports of bacon have been in the form of middles and not sides — including fore and hindquarter joints — as with Denmark, and these are finding ready acceptance in the pre-packing trade.

A major fear among pig farmers here is that the Community derogation which prevent imports of MCA-subsidised fresh pork from Holland may be lifted shortly, so allowing a flood of Dutch pigmeat onto the British market.

This derogation is allowed on animal health grounds, and cannot be considered permanent. Pressures from Holland to have this derogation removed are very great because Dutch farmers are suffering from a severe bout of overproduction and poor prices.

It is almost certain that the average British pig farmer is at least as efficient as either the Dane or the Dutchman except that he employs labour instead of family farming.

The pigs are more or less the same. The Danes by necessity have an almost monopolistic marketing system which would probably not be allowed here under present rules.

The Dutch are fast-approaching Danish skills in marketing, and both countries have the advantage of concerted export efforts when approaching the fragmented British market. The MCAs, however calculated, do appear to make the trading unfair to the British.

Bangladesh needs extra 1m tonnes of grain

BY KEVIN RAFFERTY

BANGLADESH will have to import an additional 1m tonnes of foodgrains between now and the harvesting of the main monsoon rice crop in November and Zia Rahman, the country's President.

Bad harvests have nearly doubled the foodgrain gap, previously expected to be only 1.2m tonnes, with domestic production of 13.9m tonnes. The country's balance of payments could come under serious strain if Bangladesh cannot persuade the U.S. and Australia to provide quick shipments under aid, but President Zia promised: "We are already moving to overcome the problem and prevent famine."

According to the Agriculture Ministry the previous monsoon crop and the spring rice harvest each fell short of target by about 500,000 tonnes. The official procurement drive also went badly, and the public ration stocks which feed the cities, including the most vocal and political elements in the country, have just over two months' supplies left.

Some international agencies put the main burden of the blame on the failure of the grain procurement—which they attribute to the preoccupation of President Zia and his colleagues with the election in February.

However, Indian officials appear convinced that there is serious danger of widespread starvation and it is not a case of Bangladesh crying "wolf"

India has agreed to provide 200,000 tonnes of grain. And President Zia has sent senior ministers to Burma and Thailand. Other attempts are being made to get supplies from surplus countries like the U.S. and Australia which have grain and vessels which could get to Bangladesh in time.

In Dacca the situation is not yet too bad. Rice prices have risen by 25 per cent to taka 2.5 (about 8p) a pound for the cheapest varieties. But in some country towns like Rangpur rice has shot up by three or four times.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally easier on the London Metal Exchange. After opening at £890 and briefly trading up to £894 forward metal fell sharply to £875 over the lunchtime period reflecting the strength of sterling against the dollar. In the afternoon the price picked up to £888 in the second ring but came under renewed pressure on the kerb to close at £881. Turnover 20,950 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £871, 70, 69.5, three months £885, 84, 83, 82, 83, 82, 83, 84, 85, 85.5, 86. Cathodes: Three months £871, 73. Kerb: Wirebars cash £870, 69.5, three months £886, 87, 88. Afternoon: Wirebars, three months, £879, 77, 77.5, 78, 82, 80, 81, 80, 80.5, 81, 81.5, 82, 82.5, 83, 82.5. Kerb: Wirebars, three months, £887.5, 88, 89, 88, 87, 86, 85, 84, 83, 82, 81.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	869-.6	+4.75	864.5-5.1	-5
3 months	884.5-5.5	+7.5	882-.5	-1.5
Settl'm.nt	869.5	+4.5	—	.....
Cathodes				
Cash	850.5-1.5	+12	846-8	-1
3 months	872-3	+13	867-9	-.5
Settl'm.nt	851.5	+11.5	—	.....
U.S. Smt.	—	.....	*81.60-8.25	.....

TIN—Gained ground following a shortage of nearby material which widened the backwardation to £420 in the afternoon and pushed forward metal up to £7,240 on the late kerb. Turnover 1,095 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7600-10	+100	7640-60	+185
3 months	7240-55	+56	7255-70	+70
Settlem't	7610	+100	—	.....
Standard				
Cash	7600-10	+108	7640-60	+165
3 months	7230-35	+52.5	7230-50	+60
Settlem't	7610	+100	—	.....
Straits. E.	†$1995	+15	—	.....
New York	—	......	—	.....

Morning: Standard cash £7,550, 60, 80, 7,600, three months £7,210, 20, 25, 30, 35. Kerb: Standard three months £7,240. Afternoon: Standard three months £7,230, 40. Kerb: Standard three months £7,250, 40, 30.

LEAD—Fell away. Forward metal rose to £597 on the pre-market but thereafter lost ground on speculative and trade hedge selling to close the late kerb at £586. Turnover 11,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	640-1	—1	630-2	—6
3 months	595.5-6	+.5	590-1.5	—.75
Settlem't	641	[illegible]	—	.....
U.S. Spot	—	.....	*54-8	.....

[illegible]

ZINC [illegible]

ALUMINIUM [illegible]

NICKEL [illegible]

SILVER

[illegible]

COCOA

Cocoa futures continued to ease throughout the day due to sustained liquidation of long positions [illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	May 30 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (cs)	$1525/45	....	$1,580/60
Copper			
Cash w'bar.	£865	—5	£993
3 mth	£882.25	—1.5	£992.75
Cash Cathode	£847	—1	£990.5
3 mth	£868	—0.5	£988.75
Gold troy oz.	$275.625	+5	$242.625
Lead cash	£631	—6	£571.5
3 mth	£590.75	—0.75	£529.5
Nickel	£2728.75	....	£2,750.88
Freemkt(cif)(lb)	310/50c	....	258/80c
Platin'm tr'y oz	£171	....	£159
Free mkt	£213.85	—1.7	£194.85
Quicksil'ver	$350/60	....	$270/80
Silver troy oz	424.2p	+3	367p
3 months	436.1p	+3.1	376.5p
Tin cash	£7,650	+165	£7,580
3 mths	£7,240	+60	£7,157.5
Tungsten	$136.8	....	$137.42
Wolfrm 22.04 cif	$142/46	+1	$135/40
Zinc cash	£359.5	+11.25	£383
3 months	£371.5	—10	£394.75
Producers	$845	....	$800
Oils			
Coconut (Phil)	$1,070q	—20	$1,090
Groundnut	:		:
Linseed Crude	£386	+2	£411
Palm Malayan	$664r	—5	$660
Seeds			
Copra Philip	$710s	—2.5	$730
Soyabean (U.S.)	$308	—1.3	$307
Grains			
Barley Futures	£89.3y	+0.45	£87.35
Maize			
French No 3 Am	£110.25	....	£112.0
Wheat			
No. 1 Red Spg.	:	....	:
No2HardWint.	:	....	:
Eng. Milling t	£107.5z	....	£101.5
Other commodities			
Cocoa ship't	£1,746.5	—19.5	£1,649
Future July	£1,651.5	—19.5	£1,593
CoffeeF't'rJuly	£1,548.5	+36	£1,546.5
Cotton A'index	74.30c	....	75.4c
Rubber kilo	63.50	....	61p
Sugar (Raw)	£96	....	£95
Wooltp's 64s kl	280p	....	284p

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. y Nov. x Per ton. z Indicator. § Buyer.

96.0. Imported frozen: NZ PL 52.0 to 52.5, PM 51.0 to 52.0.

Hoggets: English 44.0 to 66.0; Scottish 60.0 to 66.0.

Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 34.5 to 42.5, 120-160 lb 34.0 to 41.5.

MEAT COMMISSION—Average fatstock prices at representative markets on May 31. GB cattle 86.35p per kg. l.w. (+4.52): UK sheep 197.3p per kg. est.d.c.w. (+0.6); GB pigs 60.7p per kg. l.w. (+1.6). England and Wales: Cattle numbers up 10.3 per cent, average price 87.42p (+4.87): Sheep numbers up 5.4 per cent, average price 197.2p (+0.7); Pig numbers up 18.6 per cent, average price 60.7p (+1.6). Scotland: Cattle numbers down 3.5 per cent, average price 84.49p (+3.76).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50: Cyprus: 5.00-6.00; Moroccan: Valencia Lates 56/113 5.60-5.70; Brazilian: 4.50-5.20; Spania: Valencia Lates 5.00-5.80; S. African: Navels 4.10-5.00. Lemons— [illegible]

AMERICAN MARKETS

NEW YORK, May 31.

Cocoa—July 148.55 (148.70), Sept. 151.90 (151.85), Dec. 155.60, March 157.15, May 158.20, July 159.35, Sept. nil.

Copper—June 78.90 (78.70), July 79.50 (79.40), Aug. 80.05, Sept. 80.60, Dec. 81.80, Jan. 82.05, March 82.60, May 82.95, July 83.25, Sept. 83.45, Dec. 83.75, [illegible]

[illegible]

996.0, June 1007.0, Aug. 1018.0, Oct. 1029.0, Dec. 1040.0, Feb. 1052.0, April 1063.5.

‡Soyabeans—July 739½-739¾ (736½), Aug. 744-743½ (741½), Sept. 734-732, Nov. 726-725, Jan. 727-726, March 748, May 756, July 761.

‖Soyabean Meal—July 196.80-193.90 (195.40), August 198.30-195.20 (196.60); [illegible]

EUROPEAN MARKETS

ROTTERDAM, May 31.

[illegible]

July $162, Aug. $163, Sept. $164, Oct. $166. U.S. No. 2 Northern Spring wheat 14 per cent. May $171.50, June $169, July $169, Aug. $168.25, Sept. $169, Oct. $172, Nov. $174.50.

Maize—U.S. No. 3 Corn Yellow AFL $135, June $133.75, July/Sept. $129, Oct./Dec. $137, Jan./March $142.50.

Soyabeans—U.S. Two Yellow Gulfports June $301.75, July $302.50, A[illegible] Sept. $304, Oct. $296.50, Nov. $294, Dec. $298.50, Jan. $301.75, Feb. $30[illegible] March $307.75, April $309.50, May $310.25. Brazil Yellow FAQ unquoted. Argentine AFL $297, Half May-Half [illegible]

$243.50, Nov./March $246 sellers. Brazil Pellets AFL $243, June $246, July $247, June/Sept. $247.50.

PARIS, May 31.

Cocoa (FFr per 100 kilos)—July 1,505/1,550, Sept. 1,533/1,534, Dec. 1,565/1,570, March 1,571/1,529, May 1,575/1,590. Sales at call 15. Accumulative total 75.

Sugar (FFr per 100 kilos)—July 935/945, Aug. 953/955, Oct. 986/994, Nov. 996/998, Dec. 1,013/1,020, March 1,047/1,049, May 1,057/1,071, July 1,069/1,069. Sales at call nil.

INDICES

FINANCIAL TIMES

May 30	May 29	M'nth ago	Year ago
278.22	279.60	278.95	250.67

(Base: July 1, 1952=100)

MOODY'S

May 30	May 29	M'nth ago	Year ago
1059.9	1062.2	1059.5	935.0

(December 31, 1931=100)

DOW JONES

Dow Jones	May 30	May 29	Month ago	Year ago
Spot	391.75	393.07	394.78	359.48
F'tur's	398.20	397.75	398.14	358.72

(Average 1924-25-26=100)

REUTERS

May 31	May 30	M'nth ago	Year ago
1569.6	1567.4	1567.2	1508.5

(Base: September 18, 1931=100)

Japan offers rice to S. Korea

TOKYO — Japanese food agency officials said Japan is negotiating on a government-to-government basis for the supply of Japanese rice to South Korea.

The negotiations followed a Korean request to cover a shortage estimated at about 500,000 tonnes, they said, but declined to go into details including the amount of rice and the way Japan can supply it.

The officials also declined to comment on trade reports that Japan may be subsidising rice sales to South Korea.

Seminar plan

SENIOR Comonwealth officials will discuss commodity trading and the role of London's markets at a seminar organised by the Commonwealth Secretariat from June 19 to 22 in London.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £2.60-£3.80; large haddock £4.40-£4.80, medium £3.50-£4.30, small £2.20-£2.70; medium plaice £4.40-£5.00, best small £2.65-£5.00; large skinned dogfish £6.00, medium £3.50; large lemon soles £6.50, medium £5.60; reds £2.70-£2.90; saithe £1.40-£1.80.

★

HIDES—Manchester auction. Ox 31-35.5 kilos 97p a kilo (96p withdrawn); 26-30.5 kilos 97p (98p w); 22-22.5 kilos, 103p (103p). Light cows 95p withdrawn (97.5p w).

Gold shares dominate in otherwise lack-lustre markets although equities and Gilts regain early losses

Account Dealing Dates
Options

*First Dealings	Declara- tions	Last Dealings	Account Day
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26
Jun 18	Jun 28	Jun 29	July 10

* "New time" dealings may take place from 9.30 am two business days earlier.

Renewed widespread support of Gold shares in the wake of the soaring bullion price highlighted stock markets yesterday which otherwise presented a drab appearance. Demand for South African producers of the metal came from investors on both sides of the Atlantic and stock was in short supply. Despite a fresh fall in the investment currency premium on the possibility of some relaxation in exchange controls, the buying brought gains ranging to a point among higher-priced gold shares.

In equities, an initial extension of Wednesday's dull tone was in part a reflection of the NIESR prediction about domestic inflation and the strong likelihood of fresh increases in oil prices. It was suggested that the fund-raising call of £37.6m by MEPC was also a depressant. Light selling, however, was countered in the mid-morning business by the appearance of investment funds for selected leading shares and early losses of a few pence were gradually regained.

The lack of new-time interest for the trading Account commencing on Monday disappointed, as did the overall level of trade which, measured by official markings of 4,227, remained abysmally low. Afternoon dealings were particularly slow but the recovery movement continued and the FT 30-share index which at 11 am had been showing a loss of 3.1 closed 1.8 higher on the day at 513.6.

Gilt-edged securities reacted on scattered selling aroused by talk of gloomy banking statistics next week. Interest centred on Exchequer 11 per cent 1991, on which the final call is due on Monday, and this issue sustained a fall of ⅜ along with several other higher-coupon stocks. Sterling's further strength in the latter part of the day restored confidence, however, and all mediums and longs finally reverted to overnight list levels, but the shorts remained a shade easier.

Comment about the possible relaxation of some exchange controls activated fresh selling of investment currency. Rates fell but on several occasions buyers appeared in sufficient numbers to slow the pace of the downturn and the premium closed 1¾ points lower on balance at 51½ per cent. Yesterday's SE conversion factor was 0.8299 (0.8234).

After Wednesday's flurry of activity, the Traded options again turned quiet. Only 432 contracts were completed, the lowest total since February 16. The only stock to attract any real interest was Marks and Spencer, which recorded 92 deals.

Following Wednesday's impressive debut, **B. and Q. (Retail)** encountered profit-taking and eased 3 to 84p, after 83p; the issue price was 60p.

Home Banks better

Quietly firm conditions prevailed in the major clearing banks. **Barclays**, 472p, and **Midland**, 412p, rose 7 apiece, while **Lloyds** added 5 to 330p as did **NatWest** to 355p. Overseas issues, however, tended lower on a combination of domestic and investment currency influences. **Algemene** declined 3 points to £97 and **Compagnie Bancaire** 1½ points to £49½. Elsewhere, reflecting the return to profitability and proposed capital reconstruction, **Fraser Ansbacher** edged forward ½ to 15½p.

Still resistant to pre-Budget nerves, Brewery leaders came in for new-time buying which saw most counters rally from lower positions to close around the overnight levels. **Bass** added a net 2 to 220p, but **Wolverhampton and Dudley** fell 7 to 325p following disappointing interim results announced on Wednesday.

Most leading Building issues passed a quiet session and closed without much change on balance, but sharply higher annual profits and the Board's optimistic remarks about current trading directed attention towards **UBM** which firmed 6 to 78½p. Elsewhere, **Brown and Jackson** moved up 40 for a two-day gain of 70 to 830p in a thin market in response to Press comment and ahead of next Monday's four-for-one share split. New time interest prompted a gain of 3 to 76½p in **Countryside** and, awaiting today's interim results, **Nottingham Brick** added 5 to 353p.

ICI attracted only a small business, but firmed 2 to 374p.

The chairman's confident remarks at the annual meeting attracted buyers to **Bambers** which featured Stores with a rise of 20 to 305p. Investment support also prompted a similar improvement in **MFI Furniture** at 385p, while **Time Products** gained 9 to 244p following the increased annual profits and proposed 200 per cent scrip-issue.

In Shoes, further speculative buying fuelled by takeover suggestions lifted **Stylo** 8 to 146p for a two-day rise of 17, but **Headlam Sims and Coggins** eased 2 to 68p following the results.

Interest in Electricals remained at a low ebb. Bid speculation faded in **MK Electric** which reacted 6 to 274p, while **Decca A** gave up another 5 to 310p. On the other hand, sporadic support left **AB Electronic** 4 better at 206p and **Automated Security** a similar amount up at 143p.

Sheepbridge Engineering became a late firm market at 101p, up 6, following the recommendation by the Board to accept the offer, currently worth just over 113p per share, from Guest Keen. Elsewhere in Engineerings, **Capper Neill**, up 3 at 71½p, reflected satisfaction with the interim results and the encouraging statement on the outlook, while **Francis Industries** hardened a penny to 70p following the chairman's statement. Further support left **ML Holdings** 4 to the good at 184p, and similar rises were recorded in **A. Cohen**, 300p, and **G. Whitehouse**, 175p.

Interest in Foods was confined to a handful of secondary issues. A fairly brisk trade ensued in **Barker and Dobson** which firmed a penny to 19½p, while renewed demand was forthcoming for **Fitch Lovell** which put on 3 to 64p. Among the leaders, late demand lifted **Associated Dairies** 7 to 282p.

Easier for most of the session, certain Hotels and Caterers benefited from new-time interest. **Grand Metropolitan** finished 6 dearer at 156p, after 147p, and **De Vere** added a like amount to 242p. Down 10 on Wednesday.

Beecham friendless

Initial dullness caused by NIESR's gloomy quarterly review, gave way to steadier conditions later and the closing tone of the miscellaneous Industrial leaders was no worse than mixed. **Beecham**, however, remained friendless as the market's re-rating since last week's disappointing preliminary results continued; after slipping to a 1979 low of 567p, the shares finished a net 6 down at 572p. **Glaxo** touched 468p before closing 5 better on balance at 475p. Comment on the results and dividend prospects helped **Reed International** gain 5 to 185p. Elsewhere, **PMA** continued to be actively traded after Wednesday's return from suspension and touched 107p on profit-taking before rallying to close 4 higher on balance at 119p: the new nil-paid ended 5 dearer at 34p. The chairman's forecast that sales should reach £75m in the current year helped **Pentos** rise 5 to 85p and the Deferred improve 3 to 93p.

The increased annual profits and proposed 1-for-3 scrip issue had little effect on **East Midland Allied Press**, which closed a penny to the good at 83p. Leading Newspapers finished marginally easier on balance. **News International** relinquishing 4 to 356p. **International Thomson** dropped 9 at 363p following the annual report. Elsewhere, **Saatchi and Saatchi** added 12 to 205p on good demand: the interim results are expected on June 13.

The £37.6m cash call that accompanied the interim results left **MEPC** 7 cheaper at 179p, after 178p and had an adverse effect on **Land Securities** which eased 3 to 313p, after 311p. Elsewhere in Properties, renewed speculative interest prompted a gain of 3 to 132p in **Mountview Estates** and one of 2 to 117p in **Regional A.**

Oils firm late

Oil shares took a distinct turn for the better, particularly in the late dealings when news of the fresh increase in oil prices by Saudi Arabia and Iran became known. Down to 1,102p in the early trade, **British Petroleum** recovered to close 4 higher on balance at 1,116p, while **Shell** ended 6 down at 748p, after 740p. Among secondary issues, **Lasmo OPS** were good at 735p, up 30p, helped by the possibility of an increase in North Sea oil prices within the next few days.

Among Shippings, speculative support took **Hunting Gibson** up to 220p before a close of 215p for a rise of 17 on the day.

Still buoyed by the annual report, knitwear and hosiery manufacturers **Towles** rose 4 for a two-day gain of 8 at 84p following demand in a restricted market.

Another quiet session in Plantations left contrasting movements. **Guthrie** put on 11 to 594p following small London buying ahead of annual results due on June 7 while **London Sumatra**, at 316p, reversed the previous day's gain of 3 and **Malakoff** shed 6 to 80p.

Golds advance

The renewed strength of the bullion price—finally $5 firmer at $275.625 an ounce—sent gold shares into a new upward phase. The Gold Mines index rose 7.0 to 196.3 and the ex-premium index a like amount to 162.9—the latter reaching its best level since November 11, 1975.

After being marked up sharply at the outset, prices continued to improve throughout the day with a strong London demand more than sufficient to meet Continental profit-taking, and the absence of Cape support owing to the closure of the Johannesburg market.

The market was also sustained in the after-hours' trade following small American interest. Among heavyweights, continued good support for **Hartebeest** left the shares £1¼ up at a 1979 high of £20. Elsewhere, **Blyvoor** advanced 37 to a year's peak of 427p.

A further fall in the investment currency premium had a dampening effect on South African Financials, where losses of around 5 were seen in **Anglo American Corporation**, 426p, **General Mining**, 590p and **De Beers**, 415. **Union Corporation**, however, were again in demand and rose 8 to a 1979 high of 450p.

Australians were a shade easier on balance with a fall in the premium more than offsetting the firmness of overnight Sydney and Melbourne markets. The recent decline in base-metal prices on the London Metal Exchange also unsettled **MIM Holdings**, which gave up 7 at 208p, and **Bougainville**, 3 off at 132p.

Malaysian Tins, too, were affected by the lower premium and losses of 10 were common to **Berjuntai**, 220p, **Southern Malayan**, 390p and **Sungei Besi**, 295p.

FINANCIAL TIMES STOCK INDICES

	May 31	May 30	May 29	May 25	May 24	May 23	A year ago
Government Secs.	72.91	73.93	73.70	72.70	73.01	73.23	69.90
Fixed Interest	†75.14	75.25	74.98	74.98	75.23	75.28	71.70
Industrial	513.6	511.8	516.0	506.4	511.6	522.4	478.2
Gold Mines	196.3	189.3	197.6	187.4	182.1	184.8	155.2
Gold Mines (Ex-$ pm)	162.9	155.9	159.5	151.0	145.1	146.8	105.8
Ord. Div. Yield	5.79	5.80	5.75	5.84	5.79	5.65	5.53
Earnings, Yld. % (full)	15.50	15.63	15.48	15.76	15.55	15.16	16.43
P/E Ratio (net) (*)	8.37	8.22	8.30	8.14	8.25	8.47	8.18
Dealings marked	4,227	4,435	3,993	4,165	4,061	4,371	5,050
Equity turnover £m.	—	62.59	68.94	74.26	84.14	76.38	68.53
Equity bargains total	—	12,587	13,380	12,363	12,946	14,191	14,374

10 am 508.8. 11 am 508.7. Noon 510.0. 1 pm 510.6. 2 pm 510.6. 3 pm 511.1.

Latest Index 01-246 8026.

*Nil = 8.00

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	197.6 (29/5)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines $ (Ex-pm)	162.9 (31/5)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	May 31	May 30
—Daily		
Gilt Edged	86.3	99.5
Industrials	160.5	164.5
Speculative	47.8	50.9
Totals	96.2	100.9
5-d'y Av'r'ge.		
Gilt Edged	94.8	98.4
Industrials	154.0	153.7
Speculative	44.2	42.5
Totals	95.1	95.7

OPTIONS

First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment
May 30	Jun. 11	Aug. 23	Sept 4
Jun. 12	Jun. 25	Sept 6	Sept 18
Jun. 26	July 9	Sept 20	Oct. 2

For rate indications see end of Share Information Service

DEALING DATES

First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment
May 30	Jun 11	Aug 23	Sept 4
Jun 12	Jun 25	Sept 6	Sept 18
Jun. 26	July 9	Sept 20	Oct. 2

For rate indications see end of Share Information Service

Calls were dealt in P and O, Siebens (UK), B and Q, Town and City, Tricentrol, Hawtin, Premier Oil, Burmah, Gresham Investment Trust, Candecca, NatWest Warrants, Beecham, Shell, Ultramar, Brent Walker, United City Merchants, E. Fogarty, Cons. Gold Fields, Thomas Tilling, J. Brown, Ladbroke Warrants, Wallis and Britannia Arrow. No puts were reported, while double options were arranged in Burton Warrants Britannia Arrow and Ultramar.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW LOWS (58)

BUILDINGS (4)
Brown & Jackson; Countryside; Burnett & Hal'shire.; Nottingham Brick

STORES (2)
Hardy (Furnishers) A; Home Charm

ENGINEERING (2)
Vosper; Whitehouse

FOODS (1)
Glass Glover

INDUSTRIALS (14)
British Cine.; Do 12pc Cv. '86-88; Cole (R. H.); Schlumberger; Greves; Swedish Match; Holt Lloyd Intl.; Thermal Syndicate; IAS Cargo 6pcCv.Pf.; Unilever NV; Monsanto 5pc '82-86; Valor; Provincial Laundries; Watson (R. K.)

SHIPPING (2)
Hunting Gibson; P & O Defd.

SHOES (2)
K Shoes; Stylo Shoes

TRUSTS (1)
Durban Deep; East Rand Prop.

OILS (1)
Ambrose Inv. Inc.

RUBBERS (1)
LASMO "Ops"

MINES (13)
Guthrie Corp.
Durban Deep; Stilfontein; East Rand Prop.; Harmony; Wit. Nigel; Loraine; Blyvoor; East Rand Cons.; Hartebeest; Union Corp; Kloof Gold; Metals Expln.; Libanon

NEW HIGHS (43)

AMERICANS (18)
Bethlehem Steel; First Chicago; CBS; Gillette; CPC; IBM; Chesebrough; Kaiser Aluminium; City Inv. Cum. Pref.; Richardson Merrell; Colgate Palmolive; Sperry Rand; Esmark; TRW Inc.; Exxon; Utd. Technologies; Firestone Tire; U.S. Steel

CANADIANS (3)
Canadian Imp. Bank; Rio Algom; Hollinger

BANKS (6)
Algemene; Deutsche Bank; Bk. of Ireland 10pcCv.; Wells Fargo; Commerzbank; Cie. Bancaire

BUILDINGS (2)
Benlox; Cement-Roadstone

CHEMICALS (2)
Akzo; Hoechst

ELECTRICALS (2)
Decca A; Philips' Lamp

ENGINEERING (5)
Granges; Thyssen; Hill & Smith; WGI; Manganese Bronze

INDUSTRIALS (1)
Beecham

INSURANCE (1)
Heath (C. E.)

MOTORS (1)
Dana Corp.

PAPER (1)
Ogilvy & Mather

SHOES (1)
Allebone

TEXTILES (2)
Mackinnon Scotland; Youghal

TRUSTS (9)
City & Foreign Inv.; Rolinco Sub. Shares; Mont. Boston; West Coast & Texas; Robeco (Br.); Challenge; Do. Sub Shares; Haw Par; Rolinco NV

OVERSEAS TRADERS (1)
Mitchell Cotts

MINES (3)
Tara Exploration; Endeavour; Saint Piran

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	—	20	65
Corpns. Dom. and Foreign Bonds	7	4	53
Industrials	205	284	923
Financial and Prop.	37	205	261
Oils	6	12	20
Plantations	4	12	16
Mines	54	39	49
Others	11	92	35
Totals	324	668	1,422

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Shell Transport	25p	11	748	−6	804	558
Beecham	25p	10	572	−6	755	567
BP	£1	10	1,116	+4	1,238	882
Courtaulds	25p	9	110	−1	122	102
EMI	50p	9	108	+2	144	100
GEC	25p	9	408	+1	456	311
ICI	£1	9	374	+2	415	346
Cons. Gold Fields	25p	8	262	+2	268	178
Barclays Bank	£1	7	472	+7	514	360
Grand Met.	50p	7	156	+6	180	112
Marks & Spencer	25p	7	117	+2	134	83
Rank Org.	25p	7	232	—	300	230
Standard Chart'd 'New'	Nil/pd.	7	34pm	−3	52pm	32pm
Trust Hses. Forte	25p	7	170	+2	198	127
Unilever	25p	7	608	−4	680	520

APPOINTMENTS

Board changes at BPC

Mr. Clive Bradly, the BRITISH PRINTING CORPORATION director responsible for the Sun and Commercial Printing Groups, is resigning to become executive deputy chairman of HARRISON AND SONS on July 2. Mr. Bradly will be replaced as chairman of Sun Printers by Mr. Roy Hodgson, personnel director of BPC. Mr. Michael Pegge, managing director of WATERLOW (DUNSTABLE), will become chief executive of the Commercial Printing Group. Mr. Brian Gurney, financial director of Waterlow (Dunstable), will succeed Mr. Pegge as managing director.

Mr. R. W. Phillis, managing director of Sun Printers, has accepted an invitation to become managing director of INDEPENDENT TELEVISION PUBLICATIONS (TV Times), from October 1. Mr. Hodgson will then, as main board director, become chairman and chief executive of Sun Printers and relinquish responsibility as personnel director of BPC.

Mr. Sam Wright, the present director of the Industrial Relations Training Resource Centre of the Manpower Services Commission, becomes personnel director of BPC in October. Mr. Wright was formerly industrial relations director of the British Printing Industries Federation and subsequently personnel director of Purnell and Sons.

*

Mr. Antony Ward Lewis has been appointed divisional director of the new central division of BATEMAN CATERING, a staff caterer (part of the Grand Metropolitan Group).

*

Mr. B. L. Bannerman has been appointed assistant general manager of the CANADIAN IMPERIAL BANK OF COMMERCE with responsibility for *Europe, Africa and the Middle East*. Mr. Bannerman, formerly managing director of Bank of Commerce Jamaica, will be in the bank's Bishopsgate office. He succeeds Mr. O. W. Lacey who retired at the end of April.

*

Following the acquisition of The Elizabethan Marine and General Insurance Company by Lombard Insurance Company (UK) the following board appointments have been made. LOMBARD INSURANCE COMPANY (UK): Mr. S. L. Keswick, chairman; Mr. N. G. Laing, director and general manager; and Mr. M. S. Henderson, director. THE ELIZABETHAN MARINE AND GENERAL INSURANCE COMPANY: Mr. Keswick, chairman; Mr. Henderson, director; Mr. A. J. Bowden, director; and Mr. D. F. S. Brightman, director.

*

Mr. J. C. T. Hansen has retired as chairman and director of THE RICHMOND PARK LAUNDRY COMPANY and is succeeded by Mr. R. V. Gill as chairman and managing director.

*

Mr. Bill Blackiston has been appointed southern operations manager for REPCON (UK), container and trailer repair and maintenance company, to control depots at Southampton, Tilbury and Felixstowe. He is managing director of McGregor Cory Haulage, a position he retains. Repcon and McGregor Cory Haulage are part of Ocean Transport and Trading.

*

Mr. W. E. Sturt has been appointed a director of FAIRVIEW ESTATES. He was already a director of several of the group's subsidiary companies.

*

Mr. Ian C. M. Robertson, a partner in Deloitte Haskins and Sells, will be moving to Monaco on July 1, to a senior position with THYSSEN-BORNEMISZA N.V.

*

Mr. Tim Miller has been appointed managing director of J. R. PHILLIPS AND CO. He replaces Mr. Willie Beloe, who becomes non-executive chairman.

*

Mr. Wilfred M. Dravers will be retiring from the BRITISH ELECVTRIC TRACTION COMPANY Board on August 22 on reaching 65. Hhe will have completed more than 47 years' service with the organisation. He is currently chairman of Advance Laundries and Boulton and Paul, and will be resigning from the Boards of those companies in the next few weeks.

*

Admiral Sir Terence Lewin is to be promoted Admiral of the Fleet on July 6. It was announced in December last year that Admiral Lewin, currently Chief of the Naval Staff and First Sea Lord, will become Chief of the Defence Staff and Chairman of the Chiefs of Staff Committee on September 1.

*

Mr. J. G. P. Byrte, Mr. P. S. Fannon and Mr. G. D. Wandrag have joined the partnership of CITY DEPOSIT BROKERS.

*

Mr. Andrew Hugh Smith has been appointed chairman of CAPEL-CURE MYERS, stockbrokers, following the resignation of Mr. David Grenier, who is leaving to pursue other business activities. Mr. Smith joined Capel-Cure Myers in 1968 and has been managing director since 1977.

*

Mr. Geoffrey K. Watson, has been appointed to the board of UKO INTERNATIONAL as a non-executive director. He is chairman of R. Kelvin Watson.

*

Mr. Henry E. St. L. King, of Denton Hall and Burgin, solicitors, has been appointed a non-executive director of ARTHUR BELL AND SONS.

*

Mr. Graham Cadie, general manager of the Glasgow-based Scottish Boiler and General Insurance Company, a General Accident subsidiary, has been elected joint-chairman of the major hazards commission of CEOC (Colloque Europeen des Organismes de Controle), the 14 national council of independent engineering inspection organisations. Mr. Cadie has been the UK representative to the Commission since its inauguration last year. The Commission's task is to give technical advice to Government bodies and the EEC on the formulation of regulations and directives aimed at reducing the possibility of industrial accidents such as those at Flixborough and Seveso in Italy. The Commission also aims to improve the safety of tankers carrying dangerous substances by road and rail.

*

Mr. Eric Hope has been appointed managing director of AMEY ROADSTONE CONSTRUCTION and will take over as chairman from Mr. Bill Tokley on October 1. Mr. Hope was *formerly managing director of* Costain Civil Engineering and a director of Costain UK. His responsibilities have included the chairmanship of the joint venture board building the Thames Barrier project. Mr. Tokley remains as a director of ARC Construction and continues as senior director of Amey Roadstone Corporation, a member of the Gold Fields Group.

*

Mr. Anthony Howland Jackson has been appointed managing director of H. CLARKSON (INSURANCE HOLDINGS), the Lloyd's broking company responsible for the insurance interests of the Clarkson Insurance Group. He has also been appointed to the board of H. Clarkson (Holdings).

*

DAVID BROWN GEAR INDUSTRIES, Huddersfield, has appointed Mr. John T. Barnsley as director of finance. He has been the financial controller of the company for the last two-and-half-years.

*

MARCONI SPACE AND DEFENCE SYSTEMS, a GEC-Marconi Electronics company, has appointed General Sir Harry Tuzo as chairman. He takes over from Commander D. W. Malim who has retired, but will continue as a director.

*

TRUMAN, the London brewers (a Grand Metropolitan company), has appointed Mr. Geoffrey Hunt as personnel and administration director, and Mr. Ray Butcher as finance director.

*

Sir George Bishop has retired as chairman of the board of BOOKER McCONNELL. He was succeeded as chairman by Mr. Michael H. Caine who is also the chief executive. Sir George remains a non-executive director.

*

Warwickshire County Council treasurer, Mr. Colin McMillan, is to be the new director of finance to the SEVERN-TRENT WATER AUTHORITY.

*

Dr. Malcolm Copley has been appointed director of the DUNLOP Belting Group, Speke, Liverpool. He succeeds Mr. Cyril Bullough who retires after 26 years' service with the company.

*

The following appointments have been made at FERRYMASTERS, the haulage part of P and O European Transport Services: Mr. J. Van Schijndel, managing director; Mr. R. S. Green, deputy managing director; Dr. M. T. Monaghan, marketing and administration director; and Mr. D. Munt, operations director. Mr. G. B. Whitehead relinquishes his post as joint managing director, while remaining a director and assuming overall responsibility for Ferrymasters in his new appointment as director, international services, P and O European Services.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	950	192	1	214	—	—	—	1112p
BP	1050	92	5	134	—	—	—	"
BP	1100	64	5	96	—	134	—	"
BP	1150	46	12	80	—	—	—	"
BP	1300	10	13	30	—	56	—	"
Cons. Gold	260	20	6	27	6	36	—	265p
Cons. Gold	280	8	5	19	—	26	1	"
Courtaulds	100	11	32	16	—	18	—	111p
Courtaulds	110	5½	5	11	—	13	—	"
Courtaulds	120	3	—	6	—	10	2	"
GEC	390	42	1	62	—	81	—	407p
GEC	420	25	—	43	7	61	—	"
GEC	460	11	15	24	—	43	—	"
Grand Met.	160	10½	10	15½	21	23	—	156p
ICI	360	29	15	39	—	45	—	373p
ICI	390	12	—	21	1	32	—	"
Land Secs	240	74	50	86	—	—	—	312p
Land Secs	280	35	5	55	—	57	—	"
Land Secs	300	24	5	41	—	57	—	"
Marks & Sp.	80	40	2	43	—	—	—	117p
Marks & Sp.	90	30	6	33	—	—	—	"
Marks & Sp.	110	14	—	20	—	25	7	"
Marks & Sp.	120	8	23	13	4	18	—	"
Marks & Sp.	130	4½	10	9	—	16	40	"
Shell	750	43	10	58	—	90	—	745p
Shell	800	25	6	42	2	68	—	"
Totals			222		41		50	
		August		November		February		
BOC Intl.	70	14	—	15½	—	17½	1	78p
BOC Intl.	80	7	16	8½	—	10½	1	"
Boots	200	15	—	23	1	28	—	205p
Boots	220	8	2	12	3	19	—	"
EMI	100	22	—	26	5	35	3	108p
EMI	110	14	—	22	1	27	9	"
EMI	120	9	4	15	7	23	16	"
Imperial Gp	100	4½	—	7	18	10½	5	93p
RTZ	300	33	—	49	3	59	—	308p
RTZ	330	18	20	32	—	46	—	"
RTZ	360	11	—	22	4	—	—	"
Totals			42		42		55	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	—	91	78½	B & Q (Retail) 5p	84	−3	2.46	2.8	2.9	18.0
£116	F.P.	—	207	137½	††Baker (John)	205	−2	12.0	—	8.7	—
‡	F.P.	—	57½	41½	Bank Bridge 10p	41½	−1				
‡	F.P.	22/6	53	51	Fulcrum Inv. Income	52		64.0	—	11.5	—
‡	F.P.	22/6	4¼	3	Do. Capital 2½p	4¼					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¾	F.P.	—	99¾	99½	Cleveland (County of) Var. Rate 1984	99½	
‡	—	—	63½	52¾	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53½	
20p	F.P.	11/5	21¼p	18½p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	18½p	−½
100	£10	—	12	11½	Portsmouth Water 8% Red. Prf. 1984	11¼	
100	F.P.	11/5	118½	108	Slough Ests. 8% Cnv. 1991-94	111	−1
98	£25	25/6	25¼	24¾	York Water 12% Deb 1986	24¾	

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing price p	+ or −
185	F.P.	3/5	6/6	257	222	Beatson Clark	242	
20	F.P.	18/5	8/6	254	232	Brent Chemicals	236	
20	F.P.	27/4	1/6	113	92	Crest Nicholson	99	
26½	F.P.	14/5	8/6	35½	30½	Davis & Metcalfe 'A'	32	
25	Nil	8/6	6/7	25pm	15pm	Edwards (Louis C.)	23pm	
12	F.P.	1/6	29/6	15½	14	Hampton Trust	14½	
34	F.P.	24/4	12/6	69	48	Norfolk Cap. Hotels	60	
85	Nil	—	—	35½pm	16½pm	P.M.A. Holdings	34pm	+5
44	F.P.	19/4	31/5	74	62	Park Place Invs.	62	
20	Nil	—	—	13½pm	9pm	Provincial Laundries	13½pm	+5¼
118	F.P.	1/5	29/6	128	120	Pullman (R. & J.)	118	−2
115	Nil	11/6	2/7	21pm	16pm	Scot. Met. Prop.	16pm	
265	Nil	—	—	30pm	25pm	Simon Engineering	29pm	−1
20	F.P.	27/4	15/6	32	27½	Singlo Holdings	28½	
150	Nil	—	—	6pm	2pm	Smurfit (Jefferson)	2½pm	−1
455	Nil	4/6	6/7	52pm	32pm	Standard Chartered Bank	34pm	−5
138	Nil	—	—	7pm	4pm	Tilling (Thomas)	5pm	−1
175	F.P.	23/5	4/7	249	210	Tricentrol	220	+2
95	Nil	7/6	13/7	12½pm	7pm	UDS	7½pm	−1½
20	Nil	—	—	5¼pm	3pm	Weeks Associates	5¼pm	+2¼

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issue as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thurs., May 31, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., May 30 Index No.	Tues., May 29 Index No.	Fri., May 25 Index No.	Thurs., May 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	265.90	+0.1	16.07	5.26	8.15	265.69	266.18	263.94	267.65	215.32
2	Building Materials (27)	249.01	+0.3	16.10	5.52	8.30	248.15	246.16	244.88	249.53	191.36
3	Contracting, Construction (28)	402.38	—	22.23	5.38	5.66	402.39	402.14	402.35	406.86	346.32
4	Electricals (14)	642.04	−0.1	12.11	2.98	11.34	642.51	647.92	637.18	647.11	454.31
5	Engineering Contractors (12)	397.32	+0.1	18.24	6.10	7.02	396.74	396.83	393.38	400.10	320.34
6	Mechanical Engineering (75)	196.79	+0.2	17.12	5.89	7.61	196.48	197.35	195.88	198.80	175.08
8	Metals and Metal Forming (16)	180.72	−0.1	17.76	8.60	7.08	180.97	180.53	180.21	182.17	165.05
11	CONSUMER GOODS (DURABLE) (52)	246.17	—	14.22	4.43	9.31	246.23	247.07	244.40	248.13	197.26
12	Lt. Electronics, Radio, TV (16)	333.04	−0.3	11.09	3.20	12.71	334.05	335.05	333.25	339.77	231.39
13	Household Goods (12)	173.89	+0.3	15.92	6.95	8.41	173.31	172.99	171.68	174.27	177.47
14	Motors and Distributors (24)	127.92	+0.5	28.72	6.58	5.96	127.27	127.98	124.97	125.67	125.45
21	CONSUMER GOODS (NON-DURABLE) (171)	248.29	+0.4	14.82	5.41	8.69	247.23	248.26	244.86	247.44	204.07
22	Breweries (14)	285.51	+0.2	13.37	5.38	9.48	284.98	286.08	281.62	284.33	237.12
23	Wines and Spirits (6)	308.31	+0.3	15.24	4.85	9.56	307.30	309.18	300.88	306.25	261.11
24	Entertainment, Catering (17)	334.52	+2.2	14.22	5.74	9.36	327.31	333.00	323.07	328.94	262.47
25	Food Manufacturing (19)	223.97	−0.3	17.46	5.07	7.32	224.69	226.18	224.00	226.30	196.81
26	Food Retailing (15)	303.02	+0.7	10.93	3.96	12.12	300.84	301.13	297.43	300.57	207.98
32	Newspapers, Publishing (12)	459.91	−0.4	20.23	5.57	7.01	461.60	461.75	457.57	463.75	365.39
33	Packaging and Paper (15)	145.13	+0.3	17.85	8.00	7.21	144.65	144.06	141.89	144.83	131.28
34	Stores (41)	251.97	+0.9	11.18	4.03	12.05	249.75	250.07	247.30	248.46	181.20
35	Textiles (23)	180.91	−0.2	18.35	8.66	6.92	181.28	181.80	179.16	182.82	183.27
36	Tobaccos (3)	248.74	−0.8	22.89	8.27	5.02	250.83	252.29	250.93	253.17	259.58
37	Toys and Games (6)	77.43	+0.3	29.61	8.77	4.08	77.21	77.31	76.46	77.44	108.38
41	OTHER GROUPS (99)	215.18	—	14.94	5.94	8.35	215.21	216.17	213.46	216.48	200.29
42	Chemicals (18)	303.01	+0.4	16.81	6.51	6.95	301.86	302.06	296.25	297.67	285.97
43	Pharmaceutical Products (7)	233.24	−0.3	11.78	4.89	10.57	233.90	238.74	237.18	243.94	261.42
44	Office Equipment (6)	129.14	—	15.87	6.36	7.95	129.19	129.18	128.16	130.91	137.03
45	Shipping (10)	472.68	−0.3	10.32	6.50	13.14	474.10	470.92	465.23	466.22	431.12
46	Miscellaneous (58)	256.10	−0.2	15.46	5.77	8.54	256.53	257.24	254.54	258.59	206.17
49	INDUSTRIAL GROUP (494)	252.05	+0.2	15.12	5.42	8.51	251.54	252.44	249.44	252.68	212.40
51	Oils (6)	647.42	−0.2	12.18	3.39	8.73	648.64	653.70	643.28	644.61	490.72
59	500 SHARE INDEX	284.34	+0.1	14.63	5.08	8.55	283.95	285.17	281.59	284.64	236.11
61	FINANCIAL GROUP (115)	201.88	−0.1	—	5.22	—	201.99	202.22	198.11	200.84	165.32
62	Banks (6)	242.24	+1.5	27.49	5.01	4.70	238.74	238.08	232.35	237.98	191.66
63	Discount Houses (10)	241.26	−0.6	—	7.94	—	242.69	241.50	242.16	243.40	198.97
64	Hire Purchase (5)	194.74	−0.1	17.06	4.64	7.55	194.86	192.79	191.31	192.30	146.48
65	Insurance (Life) (10)	164.92	−1.0	—	6.44	—	166.57	168.11	162.91	165.74	138.82
66	Insurance (Composite) (8)	137.11	−0.5	—	6.88	—	137.86	139.51	135.17	137.59	125.98
67	Insurance Brokers (10)	294.57	−0.5	17.08	6.50	8.40	296.01	295.71	289.36	291.39	331.85
68	Merchant Banks (14)	101.37	−0.2	—	5.26	—	101.54	101.22	100.95	101.17	81.33
69	Property (42)	356.05	−0.7	3.16	2.43	48.78	358.57	357.32	353.75	354.94	235.97
70	Miscellaneous (10)	127.98	−0.7	14.57	7.28	8.84	128.92	128.11	127.85	128.26	107.38
71	Investment Trusts (111)	223.07	−0.7	—	5.14	—	224.65	224.71	224.82	229.13	203.63
81	Mining Finance (4)	138.36	—	14.43	5.68	8.42	138.38	140.52	139.21	139.11	100.87
91	Overseas Traders (20)	363.61	−0.3	14.25	6.95	8.81	364.78	363.81	363.26	364.49	316.89
99	ALL-SHARE INDEX (750)	261.27	—	—	5.16	—	261.16	262.10	258.73	261.69	217.24

FIXED INTEREST PRICE INDICES

	British Government	Thurs., May 31	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.93	−0.06	—	3.54
2	5-15 years	119.78	—	—	3.31
3	Over 15 years	124.95	—	—	5.31
4	Irredeemables	132.16	—	—	6.08
5	All stocks	116.29	−0.02	—	4.16

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs., May 31	Wed., May 30	Year ago (approx.)
1	Low Coupons	5 years	9.81	9.79	8.88
2		15 years	10.78	10.78	11.18
3		25 years	11.25	11.25	11.70
4	Medium Coupons	5 years	11.40	11.37	11.37
5		15 years	11.94	11.94	12.31
6		25 years	12.11	12.10	12.47
7	High Coupons	5 years	11.72	11.70	11.63
8		15 years	12.33	12.33	12.82
9		25 years	12.30	12.29	13.24
10	Irredeemables		11.08	11.07	11.65

		Thurs., May 31 Index No.	Thurs., May 31 Yield %	Wed. May 30	Tues. May 29	Fri. May 25	Thur. May 24	Wed. May 23	Tues. May 22	Mon. May 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	60.31	†12.31	60.31	60.77	60.77	61.02	61.02	61.04	61.04	67.54
16	Investment Trust Prefs. (15)	52.57	13.31	52.57	52.35	52.39	52.39	52.39	52.59	52.39	62.94
17	Coml. and Indl. Prefs. (20)	74.28	12.65	74.28	75.06	74.91	74.91	74.90	74.90	75.14	71.66

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

مكتبة منصور الأصل

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster May 23	42.2	44.2		5.71
Exempt May 31	108.7	112.7	-5.5	5.95

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1H 9JG. 01-222-8177

MLA Units	55.0	57.8		3.67

Murray Johnstone U.T. Mgnt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	71.6	76.3	-1.8	4.51

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

*Mutual Sec. Plus	56.2	59.7	-0.5	6.16
Mutual Inc. Tst.	77.2	83.0	-0.5	6.98
Mutual Blue Chip	48.5	52.4	-0.4	6.20
Mutual High Yld.	60.9	65.7	-0.3	8.22

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Income May 23	171.0	177.4		5.65
(Accum. Units)	238.0	246.8		5.65
Capt. May 23	144.4	149.8		3.11
(Accum. Units)	177.8	184.4		3.11

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	54.8	58.3xd		4.75
(Accum. Units)*	69.5	73.8		4.75
NPI O'seas Trust	128.4	135.9		2.40
(Accum. Units)**	139.1	147.2		2.40

*Prices on May 31. Next dealing June 28.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	74.7	80.3xd	-0.7	3.65
Extra Inc.	69.1	74.2		8.26
Financial	37.3	40.1	-0.3	4.86
Growth Inv.	93.7	100.7	-1.5	4.48
Income	38.1	40.9	-0.1	6.75
Portfolio Inv. Fd.	77.8	81.4	-0.2	5.55
Universal Fd.	47.3	50.8xd	-2.2	2.81

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	65.9	69.3	-0.3	4.96
Nelstar High Inc.	51.1	53.7	+0.1	8.05

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	409.3	430.8	+0.6	4.72

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	26.6	28.7	-0.2	4.81
Accum Units	32.7	35.2	-0.2	4.81
Pearl Inc.	36.3	39.1	-0.2	6.72
Pearl Unit Tst.	39.7	42.7xd	-1.0	5.38
(Accum. Units)	53.1	57.1	-0.4	5.38

Pelican Units Admin. Ltd. (g)(x)
57-63, Princes St., Manchester. 061-236 5685

Pelican Units	104.6	112.4	+0.1	4.44

Perpetual Unit Trust Mngmt.♥ (a)
48, Hart St., Henley on Thames 04912 6868

P'petual Gp. Gth.	58.1	62.4		3.60

Practical Invest Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq., WC1A 2RA 01-623 8893

Practical May 23	165.8	175.9		4.27
Accum. Units	241.8	256.5		4.27

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prolific Units	91.3	97.8	-0.8	3.35
High Income	141.0	151.0xd	-0.4	7.08

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	147.5	156.5	-1.0	4.46

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	128.0	133.4		3.57
Quadrant Income	147.4	152.0		7.91

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	72.9	77.9		5.62
Sekforde T. (Acc.)	47.0	50.3	-0.1	5.19
Sekforde T. Inc.	44.2	47.3		5.19

Ridgefield Management Ltd.
38-40 Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	86.0	93.0		2.60
Ridgefield Income	98.0	105.0		8.70

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	182.2	193.8	-1.1	3.62
N.C. Engy. Res. Tst.	117.9	125.4	-1.7	2.39
N.C. Income Fund	161.1	171.3xd	-3.4	7.36
N.C. Intl. Fd. (Inc.)	79.6	84.6	-1.2	1.65
N.C. Intl. Fd. (Acc.)	80.6	85.7	-1.2	1.65
N.C. Smllr Coys Fd.	195.8	208.4	-0.5	3.77

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American May 31	65.6	69.0	-1.5	1.40
Securities May 30	205.0	216.0		4.02
High Yield May 25	58.8	61.9xd		8.05
(Accum. Units)	88.3	93.0		8.05
Merlin May 30	91.2	96.1		3.64
(Accum. Units)	114.9	121.0		3.64

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fd.	74.4	78.5	-1.9	3.31
Income Fd.	74.7	78.8	-1.8	7.13

Prices at May 31. Next dealing June 15.

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	36.8	39.5	-0.3	2.89
I.T.U.	26.8	28.8	-0.2	3.87
Univ. Growth	67.5	72.5	-0.6	2.81
Increasing Income Fund				
High-Yield	57.0	61.2	-0.4	7.52
High Income Funds				
High Return	73.8	79.3	-0.3	8.20
Income	45.5	48.9	-0.2	9.55
U.K. Funds				
UK Equity	50.9	54.7	-0.4	4.55
Overseas Funds (z)				
Europe	78.6	84.5	-0.3	3.51
Japan	80.2	86.2	-1.1	3.28
S.E. Asia	39.4	42.3xd	-0.4	1.67
U.S.	66.9	71.9	-1.2	1.79
Sector Funds				
Commodity	93.9	100.9	-0.4	3.98
Energy	81.1	87.2	-0.6	1.89
Financial Secs.	73.5	79.0xd	-2.1	3.76
High-Minimum Funds				
Select Internat.	262.9	277.4	-1.5	3.09
Select Income	60.9	64.2	-0.4	7.24
Exempt Funds♦				
Exempt Income*	183.3	193.5xd		7.22
Exempt Intl.*	255.2	269.4xd		2.81

*Prices at May 23. Next sub. day June 13.

Scotbits Securities Ltd.

Scotbits	40.8	43.8	-0.3	4.52
Scotyield	53.7	57.7	-0.2	7.64
Scotshares	70.4	75.7xd	-1.6	4.38

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking. (0306) 86441

Am. Exempt	21.5	22.6	-0.3	4.50
Am. Growth	26.4	28.5	-0.4	3.01
Am. Smaller Cos.	28.9	31.1	-0.7	—
Exempt High Yld.	30.0	31.6xd		7.90
Exempt Mkt. Ldrs.	30.4	32.0xd	-0.2	3.93
Extra Inc. Tst.	30.5	33.7	-0.2	8.96
Income Dist.	43.5	47.6xd	-0.1	9.24
Inc. 10% Wdrwl.	31.9	34.9xd	-0.1	—
Int. Tst. Units	29.0	31.2xd	-0.1	5.00
Intl. Growth	46.9	40.4	-0.5	3.82
Market Leaders	34.3	37.2xd	-0.3	4.46
'Nil Yield'	29.9	32.2	-0.2	—
Pref. & Gilt Trust	23.6	25.4		12.14
Property Shares	38.5	41.9	-0.1	1.64
Special Sit. Tst.	38.8	41.7	-0.1	1.78
U.K. Grth. Accum.	27.0	29.0xd	-0.1	4.58
U.K. Grth. Dist.	22.9	24.6xd	-0.1	4.58

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2 01-240 3434

Capital May 29	116.8	121.0xd		2.79
(Accum. Units)	143.6	148.8		2.79
Income May 22	215.2	223.0		7.24
(Accum. Units)	328.9	340.8		7.24
General May 30	101.4	105.6		3.81
(Accum. Units)	128.2	133.5		3.81
Europe May 31	29.1	30.9xd	-0.8	4.05
(Accum. Units)	32.7	34.7	-0.9	4.05
*Pn&ChaFd May 30	203.5	209.7		4.03
*Recovery May 1	253.0	260.8		3.59
*Spec. Ex. May 1	326.1	336.1		3.37

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	56.2	60.1		4.97
Accum. Units	66.8	71.3		4.97

Dealing day Wednesday

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4 01-236 5000

Sebag Capital Fd.	39.2	41.2	-0.3	3.21
Sebag Income Fd.	33.0	34.7	-0.2	7.84

Security Selection Ltd.
15-19 Lincoln's Inn Fields, WC2. 01-831 6936/9

Unvl Gth Tst Acc	25.9	27.6		4.39
Unvl Gth Tst Inc	22.0	23.5		4.39

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	57.2	60.7	-1.1	1.52
Accum. Units	62.2	66.1	-1.2	—
Withdrawal Units	44.6	47.4	-0.9	—
***Stewart British Capital Fund**				
Standard	159.6	173.0	+0.2	3.95
Accum. Units	179.5	194.7	+0.3	3.95

Dealing †Tues. & Fri. *Wed.

Tower Unit Trust Mngt. Ltd.
39-45 Finsbury Square EC2A 1PX 01-628 2294

Income & Growth	23.5	25.1		7.97

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2 01-628 8011

TUUT May 1	60.9	64.8xd		4.52

Transatlantic and Gen. Secs.♥ (C) (Y)
91-99, New London Rd. Chelmsford. 0245-51651

Barbican May 31	89.2	95.1		5.67
(Accum. Units)	140.4	149.0	-0.2	5.67
♦Barb. Expt. May 5	77.2	79.3xd		5.41
Buckhm. May 31	88.1	93.5xd	-1.2	4.06
(Accum. Units)	112.6	119.4	-1.9	4.06
Colemco May 25	145.3	153.0		5.66
(Accum. Units)	192.4	202.0		5.66
Cumbl. May 30	59.2	63.5xd		6.54
(Accum. Units)	68.0	72.9		6.54
Glen May 29	57.6	61.2		4.19
(Accum. Units)	76.3	81.1		4.19
Marlboro May 29	53.8	57.4		2.67
(Accum. Units)	63.9	68.9		2.67
Van Grwt. May 29	54.1	56.9		3.32
(Accum. Units)	68.0	71.6		3.32
Vang Hy May 29	78.7	82.5		7.90
Vang. Tiee May 30	49.3	51.9		5.74
(Accum. Units)	52.5	55.3		5.74
Wickmr May 31	70.6	74.8	-2.4	4.24
(Accum. Units)	86.7	91.8	-0.9	4.24
Wick Div. May 25	73.3	78.1xd		8.09
Do. Accum.	89.0	94.9		8.09

Tyndall Managers Ltd.♥
18, Canynge Road, Bristol. 0272 32241

Income May 30	105.6	111.0		8.59
(Accum. Units)	200.8	211.0		8.59
Capital May 30	144.6	152.0		4.32
(Accum. Units)	207.4	217.8		4.32
Exempt May 30	122.0	128.2		8.05
(Accum. Units)	179.8	188.6		8.05
Int. Earn. May 30	272.8	289.2		5.26
(Accum. Units)	314.0	333.0		5.26
Pref. May 30	108.0	115.0		13.12
(Accum. Units)	142.8	151.4		13.12

24, Castle St., Edinburgh. 031 225 1168

Scot Inc. May 30	177.2	188.0		8.93
Scot Cap. May 30	148.8	157.8		4.92
(Accum. Units)	183.4	194.6		4.92

London Wall Group 0272 32241

Capital Growth	90.3	96.6	-0.5	6.30
Do. Accum.	96.9	103.6	-0.5	6.42
Extra Inc. Growth	38.8	41.7		10.49
Do. Accum.	48.5	52.1		10.39
Financial Pr'rty	20.1	21.6	-0.2	3.69
Do. Accum.	25.4	27.3	-0.2	3.69
High Inc. Priority	62.9	67.3	-0.4	8.99
International	25.3	27.0	-0.6	3.15

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	40.7	42.9		—
Equity Acc.	35.0	36.9		—
Property Fd.	167.4	176.3		—
Property Acc.	178.7	188.2		—
Selective Fund	102.3	107.7		—
Convertible Fund	138.8	146.2		—
♥Money Fund	129.1	135.9		—

Crown Life Assurance—contd.

Fixed Int. Fd. Acc.	114.4	120.4	-0.4	—
Fxd. Int. Fd. Incm.	108.7	114.4	-0.3	12.17
Inter'l. Fd. Acc.	110.8	116.6	-1.2	—
Inter'l. Fd. Incm.	104.2	114.9	-1.1	6.48
Money Fd. Acc.	101.1	106.4		—
Money Fd. Incm.	95.4	100.4		11.38
Dist. Fd. Incm.	110.3	116.1	-0.4	9.23
Crown Brt. Inv. 'A'	195.0	—		—

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$325.50		2.30
Jardine J'pn. Fd.*	HK$390.53		0.90
Jardine S.E.A.	US$17.19		2.10
Jardine Flem. Int.	US$12.73		0.00
Intl Pac. Secs. (Inc.)	US$13.62		1.30
Do. (Accum.)	US$13.82		—

NAV May 14 *Equiv. US$76.12. Next sub. day May 31.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey 0481-26648.

Sterling Fund	£10.03	10.04		—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. April 26	US$13.76	14.11		2.90
CMT Ltd. April 26	£14.08	14.45		2.80
Metals Tst. May 17	£16.00	16.40		5.46
TMT May 10	US$10.67	10.94		2.54
T.M.T. Ltd. May 10	£10.71	10.99		1.06

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	US$17.63		+1.5	—

Wren Commodity Trust
10, St. George's St., Douglas, IoM 0624 25015

Wren Commod. Tst.	30.6	30.9		—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Financial

1979 High	Low	Stock	Price	+ or –	Yield Int.	Red.
103¾	98¼	FFI 13pc 1981	101¾	+¼	12.78	12.77
107	100	Do. 14pc '79	100½	.....	14.19	—
108¼	98¾	Do. 14pc '83	106	+¼	15.21	12.23
84½	77½	ICFC 5½pc Deb '80-82	83½	.....	6.60	11.40
85	71½	Do. 6¾pc Db. '81-84	78xd	.....	8.01	11.60
99	84½	Do. 10¼pc Uns Ln. '86	97½	+½	11.25	12.00
99	84½	Do. 11pc Uns.Ln. '88	97½	.....	11.31	12.20
101½	84	Do. 11¾pc Uns Ln. '90	100½	.....	12.25	12.50
72½	57	Do. 7¼pc A Deb. '89-92	70	+½	10.39	11.60
69	53½	Do. 7¼pc A Db. '91-94	66	.....	11.24	12.50
81½	64½	Do. 9pc 'A' '91-94	79	.....	11.69	12.40
78½	62½	Do. 8¾pc Ln. '92-97	77	.....	11.97	12.40

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CANADIANS

S.E. List Premium 20¾% (based on 2.4090 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
16	14	Dawes (G. R.)	14	.....	—	—	—	—
£121	£79¼	Deutsche Bank DM50	£79¾xd	–2	Q18%	—	2.9	—
90	63	F. C. Finance	73	.....	2.2	φ	4.5	φ
8¼	5¼	First Nat. 10p	8	.....	—	—	—	0.6
4	2	Do. Wrnts. 75-83	3¾	.....	—	—	—	—
16¼	12½	Fraser Ans. 10p	15½	+¾	—	—	—	—
252	178	Gerrard Natnl.	230	.....	9.12	—	5.9	—
62	45	Gibbs (A.)	47	.....	2.2	—	7.0	—
270	217	Gillett Bros. £1	260	.....	16.95	—	9.7	—
29	19	Goode D't Mry. 5p	25	.....	0.25	—	1.5	—
153	116	Grindlays	132	–1	3.07	7.5	3.5	4.1
120	93	Guinness Peat	106	–1	H5.67	—	8.0	—
330	173	Hambros	280	.....	19.76	—	5.2	—

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111	56	Messina R0.50	98	......	—	—	—

MISCELLANEOUS

81	54	Barymin	75	−5	—	—	—
13½	10	Burma Mines 17½p	11	......	—	—	—
345	170	Cons. Murch 10c.	270	+8	—	—	—
410	330	Northgate C$1	350	......	—	—	—
362	226	R.T.Z.	309	......	11.5	2.7	5.6
31	18	Robert Mines	25	+3	—	—	—
65	40	Sabina Inds. C$1	42	......	—	—	—
880	675	Tara Expln. $1	675	−25	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$16¾	$10½	Buffels R1	$16¾	+⅜	†Q170c	1.8	12.0
$14⅜	890c	East Drie R1	$14⅜	+⅜	Q115c	1.6	9.2
690c	350c	East Rand Prp R1	690c	+60	Q10c	—	1.7
$25⅛	$18¾	F.S. Geduld 50c	$25¼	+¼	†Q315c	2.4	14.3
$17¼	$11⅛	Pres. Brand 50c	$17¼	+⅝	†Q150c	3.2	10.0
$16¼	$10¼	St. Helena R1	$16¼	+1⅛	Q190c	1.4	13.4
740c	407c	Stilfontein 50c	740c	+45	Q66c	ϕ	10.2
$31¼	$18¼	Vaal Reefs 50c	$31¼	+⅞	Q280c	2.7	10.1
$46¼	$28¾	West Drie R1	$46¾	+2¼	†Q385c	1.7	9.5
$32¼	$22¼	West Hldgs. 50c	$32¼	+1¼	†Q415c	1.4	14.8
$16½	$10⅜	Western Deep R2	$16½	+1	Q147½c	2.1	10.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	28	....	Sheff. Refrshmt	85	......
Ash Spinning	105	....	Sindall (Wm.)	142xd	......
Bertam	25	......	**IRISH**		
Bdg'wtr Est 50p	415	....			
Clover Croft	28	....	Conv. 9% '80/82	£91	......
Craig & Rose £1	£11½	....	Alliance Gas	80	......
Dyson (R. A.) A	36	−2	Arnott	430xd	......
Ellis & McHdy	70	...	Carroll (P.J.)	110	......
Fife Forge	54	....	Clondalkin	85	−3
Finlay Pkg. 5p	19	....	Concrete Prods.	102	+2
Graig Ship £1	260	−20	Heiton (Hldgs.)	72	......
Higsons Brew	60	....	Ins. Corp.	225	......
Holt (Jos) 25p	260	....	Irish Ropes	100	......
I.O.M. Stm. £1	160	......	Jacob	37	......
Pearce (C. H.)	235xd	......	T.M.G.	208	−5
Peel Mills	30	......	Unidare	87	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Unilever	55
A. Brew	7	"Imps"	9	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	10
B.S.R.	8	Inveresk	7	Vickers	17
Babcock	14	KCA	4	Woolworths	6½
Barclays Bank	32	Ladbroke	18		
Beecham	52	Legal & Gen	14	**Property**	
Blue Circle	18	Lex Service	9	Brit. Land	5
Boots	18	Lloyds Bank	25	Cap. Counties	7
Bowaters	18	"Lots"	5	E.P.	3½
B.A.T.	28	London Brick	7	Intereuropean	5
Brown (J)	50	Lonrho	9	Land Secs.	20
Burton 'A'	22	Lucas Inds	25	MEPC	15
Cadburys	5	"Mams"	13	Peachey	13
Courtaulds	10	Mrks & Spncr	9	Samuel Props.	14
Debenhams	8	Midland Bank	30	Town & City	2
Distillers	21	N.E.I.	14		
Dunlop	6½	Nat West. Bank	28	**Oils**	
Eagle Star	10	Do. Warrants	15		
E.M.I.	14	P & O Dfd	6	Brit. Petroleum	78
Gen. Accident	21	Plessey	10	Burmah Oil	11
Gen. Electric	32	R.H.M.	5	Charterhall	3½
Glaxo	50	Rank Org	25	Shell	48
Grand Met.	12	Reed Intnl	26	Ultramar	24
G.U.S. 'A'	30	Spillers	5½		
Guardian	24	Tesco	6	**Mines**	
G.K.N.	24	Thorn	22	Charter Cons.	16
Hawker Sidd	22	Trust Houses	27	Cons. Gold	17
House of Fraser	15	Tube Invest	30	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday June 1 1979

Whitelaw discusses £30 TV licence

BY ARTHUR SANDLES

THE GOVERNMENT is considering raising the television licence fee in the autumn, possibly to more than £30 a year for a colour set.

The BBC and the Home Office have been discussing the long-term funding of the corporation in recent weeks. The speed with which Mr. William Whitelaw, the new Home Secretary, has embarked on this process, and on proposals to set up ITV 2 indicate his personal interest in broadcasting.

The present licence fee levels—£10 for monochrome and £25 for colour—were set last November to last one year. At the same time the BBC's borrowing limit was raised from £30m to £100m in the teeth of corporation opposition.

Now the BBC is getting a much more sympathetic hearing from the Government which is keen both to have a longer term for any new licence fee, and to see the corporation reduce its debt and live within any agreed new income.

If the corporation were required to pay interest, substantially reduce its debt, and invest in new equipment the money required would take the licence fee well above £30 a year. There are 13m colour sets and 5m monochrome-only licence holders, so each £1 increase gives the BBC another £18m a year. It now seems likely that a compromise will be reached which will aim to reduce the debt but not necessarily eliminate it.

Current thinking in both Whitehall and Portland Place is that the Government will want to avoid a further rise for two years.

Cuts in spending in recent years have affected BBC morale at all levels. Many BBC staff are disheartened by their outdated equipment and low budgets compared with ITV.

Bank of Italy head to resign this year

BY RUPERT CORNWELL IN ROME

DR. PAOLO BAFFI, Governor of the Bank of Italy, at the centre of a judicial controversy, made clear yesterday that he intends to give up his post as soon as circumstances permit, and almost certainly before the end of this year. No indication was given of his successor.

Addressing the annual meeting of the Central Bank in Rome, Dr. Baffi gave a warning of renewed inflationary dangers facing the Italian economy, in spite of its recovery, especially in financial and trade terms, since 1976.

However, his most important remarks concerned the judicial investigation into finances extended to the troubled SIR chemical group, which has led to charges of misdirection of public funds against himself and Sig. Mario Sarcinelli, a deputy director-general of the bank.

Rejecting such accusations, Dr. Baffi spoke of the "paralysing uncertainty" caused to the bank's work by the affair and the personal suffering involved. Acknowledging the many expressions of support since Rome magistrates brought the charges, he declared that he and Sig. Sarcinelli had acted in the interests of the Central Bank and the country, in full respect of the law.

However, Dr. Baffi, who has devoted 43 of his 68 years to the Bank of Italy, and been governor since 1975, pointed out that he had never meant to hold the job into the 1980s. That time limit was approaching.

The lira was strong, reserves had reached a record L27,400bn (£15.6bn) by the end of April, and Italy's net external credit position stood at $16.4bn (£8bn).

He indicated, however, that he would at least wait for the installation of a new government after this weekend's elections before announcing his resignation, so that the choice of his successor could be as widely agreed as possible.

The succession to what is considered one of the most important posts in Italy is far from clear. There is no obvious replacement. In a statement to the meeting, Sig. Enzo Ferrari, President of the Italian Savings Bank Association, called for the governor to stay "permanently" at his post to see the economic recovery through.

Political reaction to the report, above all from the Communist and the small but influential Republican Party, munists and the small but welcome for its "dignity, lucidity and independence," according to Sig. Luciano Barco, a Communist Party economics spokesman, coupled with fears that those qualities might not so easily be maintained once Dr. Baffi has gone.

The Governor called for a resolution of the conflict powers between the bank, in its supervisory role at the head of the country's credit system, and the legal authorities: the issue at the heart of the SIR controversy.

"Italy's legal structure does not and cannot provide for the vigilance department of the Central Bank to become a specialised police force," Dr. Baffi said.

It was up to the discretion of the Governor to refer to the legal authorities, in the framework of its function as guardian of the credit system.

Flanked by Sig. Sarcinelli and other top officials, Dr. Baffi then attacked the "detractors *of the Bank of Italy*" for fostering a campaign in parts of the Press "embroidered with false and tendentious arguments, for some obscure motive."

Italian elections, Page 2: Economic dangers, Page 37

U.S. finds fifth of DC-10s faulty

By Michael Donne, Aerospace Correspondent

ONE FIFTH of the DC-10 jet airliners in the U.S. need repair following discovery of problems with engine mountings, according to the U.S. Federal Aviation Administration.

By late yesterday nearly half of the fleet of 134 DC-10s in U.S. airline service had been inspected and cleared for a return to passenger transport. Flaws had been found in 25 aircraft.

But Mr. Fred Farrar, of the FAA, said: "We are turning up more problems than we did with our first inspection."

Japanese

Outside the U.S., where another 140 DC-10s are in service, *only one operator*, Japan Air Lines, has so far reported broken or otherwise damaged bolts, in two of its nine aircraft. The bolts have been replaced. All JAL's DC-10s are back in service.

"All we can say is that more than 65 aircraft (in the U.S.) have been inspected, and some are found with problems that have to be fixed before they can be returned to service," said Mr. Farrar. "Some are minor and some are major."

The faults are primarily in what is called the monobolt joint, a component in the spar which connects the DC-10's wing with the pylon on which the engine is mounted.

"There seems to be the impression that there are only three sets of two bolts each, holding that engine on," Mr. Farrar said. "That is not true. There are more than 20 bolts around that pylon."

Alitalia

Airlines outside the U.S. which said that all or some of their fleets of DC-10s had been passed for service again, with no problems, included Alitalia, with three DC-10s approved and the remaining five expected to be cleared by tomorrow, and Swissair, which had found no faults in any of its nine jets.

The 11 DC-10s of KLM and Martinair of Holland were put into service yesterday.

The FAA's checks were ordered because of uncertainties over the cause of the crash of an American Airlines DC-10 at Chicago last Friday, killing 273. Just before the crash, the port engine came off the aircraft's wing.

THE LEX COLUMN

MEPC's route to lower gearing

And still they come. Yesterday's rights issue from MEPC—a one-for-six at 154p—took the total of calls on shareholders in May to around £250m, the largest monthly figure for three years. MEPC's is the third recent rights issue in the booming property share sector, which has risen by something like a third since the beginning of the year. It is further evidence that in the stock market supply duly rises to met demand.

MEPC makes no secret that this is an attempt to get its balance sheet straight at last. After years of being in the hands of bankers and institutional development partners, the group sees its chance to get gearing down and give itself some independent financial muscle. In the familiar prose of rights issue prospectuses, the issue will allow "greater flexibility in future financing."

What are the figures? In the extraordinary fashion of UK rights issues, the MEPC offer is being launched without a half-yearly balance sheet (though there are interim profit figures) and no clear indication of what the Board's gearing objectives are. As things stand, on the basis of the September, 1978 balance sheet, MEPC has some £233m of net worth; debt is given as £281m on May 4, so that debt accounts for around 55 per cent of capital employed.

This could soon be transformed. Not only will the rights issue bring in £36m after expenses, but the September property revaluation should throw up useful gains (possibly of the order of £80m judging by the recent Capital and Counties and Land Securities revaluations) and the forecast dividend rise means that around £40m of loan stock will be converted early next year.

So within a year the gearing ratio could be down to only about 35 per cent—unless MEPC splashes out on new developments and acquisitions. Conservative financing is the current fashion in the property sector but shareholders may

Index rose 1.8 to 513.6

wonder whether it is an expensive insurance policy at a time when property values seem to be rising nicely, and the gearing ought to be working in their favour.

It is logical, however, that if the investment institutions bid the price of property shares up high enough the companies will stop selling them property and sell them shares instead.

Thomas Borthwick

Shareholders in Thomas Borthwick have had their fill of the descending phase of the meat cycle since the group went public. Now, despite higher depreciation and, presumably, a higher interest charge, interim profits are up by over 150 per cent at £5.6m, which gives a taste of what can happen on the upswing. Some of the improvement comes from the elimination, for the time being at least, of labour trouble in New Zealand, but the key has been higher margins on the back of a firm beef price coinciding with higher U.S. import quotas for Australian beef.

Recently the beef price has fallen a little but the medium-term trend seems to be upwards, and in any case the present narrowing of margins on beef trading is being offset by improving returns on lamb. Alongside this activity Borthwicks is trying to build up the share of profits contributed by its non-cyclical businesses, apparently with some success: on the retailing side, in particular, Matthews is at last functioning smoothly. With a little luck Borthwicks could make £12m this year, against £6.2m in 1977/78, but the real comparison should be with the £8.1m earned by the smaller group in 1975/76, the year the company was floated off.

But it still has to convince the market that this year's profits are not a flash in the pan and that as the businesses outside meat-trading grow they will temper the hair-raising volatility of earnings. The dividend policy is cautious: having paid last year's interim out of reserves, the pay-out is only held this time, and the final will probably be unchanged as well. But then the yield is not the problem—with the shares at 90p it is 10.6 per cent and the fully-taxed p/e is under seven.

Furness Withy

Furness Withy has issued shareholders with instructions to repel the boarding party led by KCA with Euro-Canadian directing the assault from the rear. It is hard to see what has changed since the Monopolies Commission came out firmly against Euro-Canadian's gaining control of the Furness subsidiary Manchester Liners in 1976: the arguments against that, largely based on restraint of competition, would presumably still apply to the joint operation between Euro Canadia nand ML that is being proposed. There also seems to be no reason why Furness should pay Euro-Canadian a fancy price for its minority stake in ML.

The direct intention of KCA—which together with Euro-Canadian and European Ferries holds 27 per cent of Furness—would be to arrange a merger of Furness' oil service interests with its own. Furness quite rightly points out that this begs the question of whether such a merger would be in the interests of its shareholders. Euro-Canadian has been telling large Furness shareholders that their company is incompetently—or at least sleepily — run: against this, its own ally, KCA hardly has an exemplary profit record, and Furness has whether by luck or good judgment, come through the shipping crisis better than it major rivals. But it will need persistence to make Euro-Canadian walk the plank.

NATO members warn Britain about recognising Muzorewa

BY REGINALD DALE, EUROPEAN EDITOR

BRITAIN and the U.S. were warned by many of their NATO partners yesterday not to push ahead too fast with recognising the new Rhodesian Government led by Bishop Abel Muzorewa or in lifting economic sanctions.

Lord Carrington, attending his first NATO ministerial meeting as Foreign Secretary, received a tough lecture from allied Ministers including those of The Netherlands, Belgium, Norway, Denmark and Turkey.

They cautioned him against provoking black Africa and disrupting the United Nations by taking over-hasty action.

British officials, who accept that NATO members will have to be consulted before a final decision is taken, admitted it was not possible to "turn them round overnight."

Lord Carrington is understood to feel more time is needed to undo the impression left by his predecessor, Dr. David Owen, that the internal settlement cannot be recognised.

The Dutch Government was particularly strong in stressing that United Nations sanctions against Rhodesia were mandatory and could only be lifted by the Security Council—not by the U.S. or the UK individually.

The whole structure of the UN could be endangered if a permanent Security Council member like the UK was to act unilaterally, the Dutch said.

The U.S. is still supporting the British decision to send emissaries to Rhodesia and black Africa in the hope of working out a settlement. Mr. Derek Day, the Foreign Office official being sent to Rhodesia on a semi-permanent basis left London for Salisbury last night.

Dr. Joseph Luns, the alliance's Secretary General, said, however, that many other governments felt the recent Rhodesian elections should have been UN-sponsored and included candidates from the Patriotic Front.

The Ministers got little nearer a final decision on modernising NATO's nuclear forces in Western Europe in response to the continuing Soviet build-up.

Although they agreed a decision was urgent, few of them are ready to accept the need for placing new nuclear missiles targeted at the Soviet Union in their own countries. They would, of course, like others to do so.

There is also still little agreement on the conduct of the next round of strategic arms limitation negotiations (SALT III), designed to follow the SALT II treaty due to be signed at next month's Carter-Brezhnev summit in Vienna. Dr. Luns said new consultation procedures must be found for the SALT III talks, which Moscow wants to cover European-based nuclear weapons.

Britain is stressing that it must be represented at the negotiating table if the UK's nuclear deterrent comes up for discussion in the talks, which have so far only involved Washington and Moscow.

Mr. Cyrus Vance, the U.S. Secretary of State, did not seem keen on the idea. The widening of the SALT talks was a possibility, but unlikely, he told a Press conference.

Dr. Luns, who is 65, countered speculation that he would soon retire. The post of Secretary-General had no time limit, he said, and the moment had not yet come for him to step down.

Feature, Page 24; Smith on majority rule, Page 5

Growth in bank lending to be studied

BY NICHOLAS COLCHESTER

THE BANKING authorities of all the major banking centres have now committed themselves to take steps to consolidate the balance sheets of their banks on a global basis for supervisory purposes, Mr. Gordon Richardson, Governor of the Bank of England, told the annual meeting of the Association of International Bond Dealers in London yesterday.

The Governor said that he was glad to see that there was a growing realisation that prudential control of the international banking system was the "central problem." He said: "While I have yet to see evidence that there are seriously adverse economic consequences of international bank lending to tip the scale against its undoubted benefits, I have long been concerned about the prudential risks in an international market growing at 23 per cent per annum."

The Governor's remarks suggest that after a period of conflicting statements by different central banks on the benefits and dangers of the international bank lending market, these central banks have now agreed to study the implications of this market's rapid expansion and to push still harder for improved supervision.

"As the underlying situation changes it is right to look anew at the international role played by the world's banks," said Mr. Richardson. "In Basle in the months to come the central banks of the group of 10 countries and Switzerland will be carrying out an analysis of these questions."

This analysis will study whether the growth of such lending is contributing to world inflation or unhelpfully delaying actions by deficit countries to improve their external account. The Governor said he remained unconvinced.

He added that these discussions might also find out the extent to which banks were moving their lending offshore to avoid requirements imposed on domestic operations.

The Governor repeated that the Bank of England's philosophy about the regulation of financial markets "starts with a presumption in favour of self-regulation."

Editorial Comment, Page 24

Clash enlivens Euro-election

BY ELINOR GOODMAN, LOBBY STAFF

BRITAIN'S EUROPEAN election flickered into some semblance of life yesterday as Labour speakers insulted the Tories in the best tradition of the hustings and the two main parties had the nearest thing yet to a clash on a question of policy.

At their Press conference, the Conservatives, led by Mr. James Prior, the Employment Secretary, claimed that Britain's membership of the Community had led to the creation of more jobs.

Half an hour later, in the dismal school room where Labour is holding its European conferences, Mr. Anthony Wedgwood Benn, the former Energy Secretary now enjoying the freedom of the Opposition backbenches, took a totally different line. Far from creating jobs, the EEC had contributed to Britain's unemployment problems, he said.

Overall, the effect on Britain's economy had been "very, very disadvantageous," he said.

It was left to Mr. John Silkin, whose tactics in Brussels as the Agriculture Minister in the last Government are held up by Transport House as a model as how Labour politicians should behave in Europe, to start slinging the first real mud of the campaign.

The Conservatives, he warned, would sell out Britain over fishing policy. He then went on to throw the Tories' allegation about Labour being divided over Europe back in their faces.

Casting Mr. Edward Heath in the light that the Tories like to cast Mr. Benn he said that they were obviously split over agricultural policy. Mr. Heath, he claimed, was going round preaching the virtues of the Community's policy, while Mr. Peter Walker, the Agriculture Minister, was publicly acknowledging that Labour had been right to re-negotiate it.

Ironically, Mr. Benn and Mr. Heath have been given the same job by their parties. They are to appear on consecutive days next week in Radio Four's election phone-in.

Mr. Callaghan, who, when launching his party's manifesto last week appeared to distance himself from the details of the document, was apparently asked *informally by Transport House* if he wanted to do the radio programme as party leader.

But he declined, saying he would prefer to do the party political broadcast on television instead. Mr. Benn will therefore have 50 minutes in which to express his hostility to the Community.

Continued from Page 1

Shell and Mobil

yesterday, he appeared to discount any immediate Government-led conservation campaign.

"Saving cannot simply be done by gimmicks or lectures. All of us, that is Government, oil companies, petrol stations, and motoring organisations, have to convince people of the need to use less oil and to use it carefully and efficiently."

The main UK oil refiners are seeking more North Sea oil from the British National Oil Corporation to replace supplies lost from overseas.

The Corporation has most of its supplies tied into term contracts but has started to re-direct some to UK buyers.

It is seeking guarantees from UK oil companies that any extra supplies of North Sea crude it sells to them do not simply replace other foreign crudes, which are redirected by the companies to other countries.

The Department of Energy said that crude production from the UK sector of the North Sea was running at 1,455,699 barrels a day in April compared to 1,330,980 barrels a day in March and 1,302,051 in the peak month of February.

Continued from Page 1

Saudi output may rise

bers are charging. Since the last OPEC meeting in March, Saudi Arabia has imposed no surcharges on the official OPEC price of $14.55 a barrel of Arabian light.

The Saudi increase would be made at the next OPEC meeting in Geneva on June 26. It would be aimed at ending the oil price spiral and recreating a unified OPEC price structure. The kingdom believes that the current free-for-all threatens the future of OPEC as a cartel.

Sheikh Ahmed Zaki Yamani, the Saudi oil minister, said that he expected a world recession. "Unless you change your life-style in the West, and especially in the U.S., I'm afraid it will not be a recession, one day it will be a very deep depression," he said.

But the Saudi policy is tempered by considerable reluctance to be seen to be coming to the rescue of the U.S. whose energy policy it regards as wasteful

Weather

UK TODAY

MAINLY DRY with sunny periods.

London, S.E., E. Anglia, Cent. S. England, Midlands, Cent. N. England

Dull at first. Dry with sunny periods later. Max. 19C (66F).

S.W. England, Wales, N.W. England, S.W. Scotland, Ulster

Sunny periods. Max. 18C (64F).

N.E. England, Borders, Edinburgh and Dundee

Dry with local fog patches. Sunny periods later. Max. 17C (63F).

Rest of Scotland

Sunny intervals and scattered showers. Max. 15C (59F).

Outlook: Sunny periods. Becoming warmer.

Long range forecast: Warm weather in most areas but mainly cool in the East.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Plms.	S	21	70
Algiers	F	26	79	Lisbon	F	17	63
Amsdm.	S	19	66	Locarno	C	25	77
Athens	R	20	68	London	R	15	59
Bahrain	S	35	97	Luxmbg.	S	25	77
Beirut	S	25	77	Luxor	S	38	100
Belfast	C	11	52	Madrid	C	19	66
Belgrd.	S	27	81	Majorca	C	25	77
Berlin	S	29	84	Malaga	S	26	79
Biarritz	R	12	54	Malta	S	26	79
Bmghm.	C	14	57	M'chstr	R	11	52
Blackpl.	C	11	52	Melbne.	C	13	55
Bordx.	R	13	55	Milan	S	29	84
Boulgn.	R	11	52	Montreal.	F	17	61
Bristol	C	14	57	Moscow	F	28	82
Brussels	C	21	70	Munich	S	25	77
Budpst.	S	26	79	Nairobi	S	23	74
B Aires	S	9	48	Naples	S	28	82
Cairo	S	31	88	Nwcstl	C	15	59
Cardiff	F	13	55	N. York	F	22	72
Cas'b'ca	C	19	66	Nice	S	25	77
Cape T.	S	16	61	Nicosia	F	24	75
Chicago	C	19	66	Oporto	S	17	63
Cologne	S	28	82	Oslo	C	20	68
Conhgn.	S	23	73	Paris	C	18	64
Corfu	S	26	79	Perth	S	18	64
Dublin	F	15	59	Prague	S	28	82
Dbrvnk.	S	26	79	Reykivk.	S	11	52
Ednbgh.	C	11	52	Rhodes	S	23	73
Faro	F	21	70	Rio J'o	C	26	80
Florence	S	31	88	Salzbrg.	S	28	82
Frankft.	S	28	82	Singapr.	S	31	87
Funchal	C	19	66	Stckhm.	S	24	75
Geneva	S	25	77	Sydney	R	17	61
Gibrltr.	S	22	72	Tangier	S	19	66
Glasgow	R	22	72	Tehran	S	25	76
G'rnsey	F	11	52	Tel Aviv	F	24	75
Helsinki	S	25	77	Tenerife	F	17	63
H Kong	S	25	77	Tokyo	S	20	68
Innsbrk.	F	29	84	Toronto	S	17	64
Invrnss.	R	9	48	Tunis	S	32	90
I o Man	C	11	52	Valencia	F	23	73
Istanbul	F	24	75	Vienna	S	27	81
Jersey	F	12	54	Warsaw	S	31	88
Jo'burg	S	19	66	Zurich	S	27	81

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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